# ESG & Impact Report

2020-2022

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# Contents



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# Overview

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# About Us

**30**
Years

**$3B**
AUM

**300**
Companies

Pitango Venture Capital is Israel's leading Venture Capital fund, comprising Pitango First (early stage), Pitango Growth and Pitango Healthtech funds. Since 1993, Pitango has invested in over 300 companies, helping them turn their ideas into successful ventures. We've accomplished 88 exits, 63 via M&A transactions and 25 through IPOs. These achievements reflect our team's keen ability to identify promising opportunities, build value, and facilitate successful outcomes.

Pitango is home to visionary entrepreneurs and groundbreaking companies from stealth mode to shining Unicorns.

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# Pitango Team

**Chemi Peres**
Co-Founder
Managing Partner

**Rami Kalish**
Co-Founder
Managing Partner

**Eyal Klein**
CFO
Partner

## Growth

**Isaac Hillel**
Managing Partner

**Aaron Mankovski**
Managing Partner

**Idit Muallem-Yedid**
General Partner

**Liron Wand**
Venture Partner

**Maya Hawlasewicz**
Principal

**Tomer Landesman**
Associate

## First

**Eyal Niv**
Managing Partner

**Ayal Itzkovitz**
Managing Partner

**Yair Cassuto**
General Partner

**Gad Huldai**
General Partner

**Aviv Barzilay**
Senior Associate

## Healthtech

**Ittai Harel**
Managing Partner

**Hila Karah**
Managing Partner

**Jonathan Glazer,Md**
Partner

**Joel Schopping**
Senior Principal

**Seth Rudnick,Md**
Senior Advisor

## Venture Partners

**Zeev Binman**
Former CFO
Managing Partner

**Dan Charash**
Ex.-GM Broadcomm

**Elly Keinan**
Ex-President IBM NA,
Ex-Chairman, IBM Japan
Chairman, Kyndryl Japan

**Pascal Cagni**
Ex- SVP Sales EMEIA, Apple

**Daniel Tu**
Ex-CIO, Ping An

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# Operating Platform

## Business Development & Strategic Partnerships

**Ayelet Tako**
Head of Business Development and Strategic Partnerships

## Human Resources

**Merav Shoval-Hinkis**
Head of People

## Impact & Sustainability

**Cecile Blilious**
Head of Impact & Sustainability

## Communications & Marketing

**Sharon Erde**
Head of Marketing Communications

## Investor Relations

**Rena Shpiegel**
Director of Investor Relations

## Legal Counseling

**Elana Barzilay**
Legal Counsel

## Financial Strategy

**Ofira Kadmor**
SVP Finance

## Portfolio Support

**Evlin Ellati**
Value Add Analyst

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# Leading the Industry in Israel and Beyond

| | | |
|---|---|---|
| #33<br>Founders Choice 2022, Global Fund | 25+<br>IPOs | #1<br>Founders Choice 2022, Israel Fund |

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# From our Leadership

As a firm, we recognize the inextricable links between a safe, thriving society for everyone, and successful business growth. We are living in an era where humanity is facing existential global challenges. States, corporations, and individuals together must realize their responsibility to tackle the challenges facing us as a collective.

We started Pitango 30 years ago with a mission to support visionary entrepreneurs and groundbreaking companies focused on technology innovation. While we have always prioritized giving back and participating in impact focused endeavors, the unique ESG-SDG continuum methodology we developed in 2020 enables our firm to invest in and support successful, responsible, and impactful companies, and highlights our shared influence related to Tikkun Olam (repairing the world). We see it as our duty to ensure a sustainable future for our planet and humanity.

For us, ESG integration underscores the relationships between a healthy society and successful businesses. At the same time we are proud to participate in the tremendous movement instigated by the UN Sustainable Development Goals. Formally integrating ESG and impact management (through alignment with the SDGs) into our operations has refined our mission with clear methodologies and metrics.

Many years ago, my father, President Peres, saw the opportunity for global enterprises to participate in a new generation of leadership focused not only on delivering financial benefits, but also on positively impacting the world. He believed the combination of global enterprises, entrepreneurship, and technology would be a powerful force in solving some of the most difficult challenges facing society. I have adopted this vision throughout my career as an investor.

We are on the precipice of an exciting decade ahead — breakthrough technologies will change how we live and operate, from quantum computing to AI and brain research. With any major jump in innovation there can be fear about what is to come, but if we work together we can ensure these innovations will benefit rather than harm humanity. As we work with our founders on the many challenges and obstacles ahead, we are optimistic about the solutions we can innovate and the synergies we can ignite, in service of building a better world for the next 30 years and beyond.

**Chemi Peres, Co-Founder & Managing Partner, Pitango VC**

# From our Leadership

At Pitango we prioritize responsible business practices, and we've always been interested in ensuring our founders and our firm build a more sustainable future. In 2020 we decided to create a dedicated position to drive the development of our formal sustainability and impact methodologies. As a leading generalist VC, we saw the vast potential for integrating ESG and impact across our fund platform, working with both early stage startups as well as growth stage companies with large global impacts. We know the pressures our founders are under, so we needed to come up with an approach that would work for founders and teams at a variety of stages. We wanted to not just conform to the status quo, but instead reach further to develop new methodologies that would move the needle forward for the startup ecosystem as a whole. With our ESG-SDG approach and Cecile at the helm, we've been able to develop strategies that serve our firm and founders, and can be a model for our peers.

Stakeholders across the high tech industry are recognizing the importance of integrating ESG (and impact, where possible) into company operations and principles. From large enterprise customers, to consumers, employees, and investors, those impacted by and impacting our startups are requiring founders to consider ESG and impact as they build and scale their companies. Employees are searching for meaning in their jobs, especially in times of crisis, and the best founders will recognize a clear and meaningful purpose is essential to business success.

As a firm we know it is our fiduciary responsibility to manage environmental, social, and governance risks in order to generate a better return on investment. We also recognize as investors we have an opportunity to ensure the next generation of companies generate positive outcomes for our society and our planet. It is a balancing act for young companies to figure out the right ways to integrate effective strategies that will both serve their company now and as they grow. Through this report we aim to share how we are seeking to strike this balance, and where we see opportunities in the future, both for our firm and the industry.

As we look ahead, climate change and increasing diverse representation in high tech and venture capital are top priorities. At Pitango we will continue to invest in the climate-tech space, aiming to enable global decarbonization and address the impacts of climate change. We will also continue supporting efforts that result in equal representation both in our firm and our portfolio companies. It is incumbent upon all of us to work towards a more sustainable and equitable future for generations to come.

**Rami Kalish, Co-Founder & Managing Partner, Pitango VC**

# From our Leadership

I am excited to share this inaugural Pitango ESG and Impact Report. Personally, after years spent focused on pioneering the impact-tech investing space I was interested in collaborating to ensure all businesses demonstrate responsibility and positive impact.
I believe we are all here to make our world a better place — for each other, for future generations, and for our planet. I feel privileged to be able to work with and mentor startups in their journey towards achieving what is most dear to all of us — a future we can be proud of.

Our strategy comes from our belief that the challenges we're facing and the solutions we need to build are best understood as a holistic picture. It's not either or — purpose and profit serve each other, climate and people are interdependent. Through integrating ESG and impact as a holistic concept (on a continuum) with a generalist VC we have an opportunity to generate technological solutions to some of the most pressing global challenges. As a firm we have been on a journey from developing our unique ESG - SDG methodology, to educating and supporting our companies in ESG performance and impact management, to now sharing our progress and performance so far. It is a challenge to integrate new practices into a 30 year old firm, to migrate funds and not disrupt them, to build a process that is not one size fits all but is generic enough that you can draw from it for early to mid to growth stage companies. We embrace these challenges, and it's tremendous to experience what can come from focusing on holistic, practical solutions.

Our companies are able to seize innumerable opportunities because of their understanding of ESG performance, and their ability to integrate impact outcomes into their products and services. From a FinOps platform recognizing their opportunity to provide tools that will help their clients manage their carbon footprint, to an app analytics company enabling the Auschwitz Museum to reach millions through a live digital tour, and a mobility company creating affordable and accessible public transportation options, the amount of positive impact generated by our portfolio companies is phenomenal.

In venture capital, 2021 was a year of increasingly integrating ESG practices — PRI issued their first ESG in VC report in January 2022. Though 2023 has been a year of economic uncertainty, in times of crisis we believe a solid ESG foundation will better equip companies to overcome challenges and create opportunities for easier recovery in the future. Meanwhile, the world around us is getting hotter as the climate crisis is upon us. Innovative solutions have never been so needed as they are now.

This inaugural ESG & Impact report shares our philosophy and contains our efforts from 2020 to 2022 as a baseline for future reporting (in some instances we also include data from 2019 where possible). While we have come a long way we recognize we have a journey ahead of us as well. In this report we will share both highlights as well as opportunities for growth. As societal and environmental crises mount, we know we do not have time to make everything perfect, instead we must all get started and push forward together on our mission to tackle the challenges in front of us.

**Cecile Blilious, Head of Impact & Sustainability, Pitango VC**

# ESG + Impact = Growth

As a firm, Pitango has consistently prioritized contributing to a more sustainable future for everyone, because we know our firm and portfolio companies' success is tied to the success of our society and our planet, and because we know it is the right thing to do. Our company is built around a You+Us concept - recognizing that as a team we are an integral part of enabling success for our entrepreneurs, our communities, and our employees.

We have historically aimed to avoid investing in harmful technologies and to lead the industry in innovative impactful investments. Before we started to formally integrate Environmental, Social, and Governance (ESG) performance and impact management into our investments, we developed "Pitango Community Ventures" as a vehicle for investing in initiatives blending social impact with technology. Through this vehicle we supported Al Bawader (the first Israeli VC investing in Arab entrepreneurs) and Impact First Investments (an impact investing company focused on early stage "Impact Native" startups). Pitango's mindset has always been focused on doing good, and Pitango Community Ventures was our first attempt at blending our values with our investment practices. As leaders in the Israeli high-tech ecosystem, we believe it's our role to initiate and innovate so that others can follow in our footsteps.

In 2020 we decided that it was time to formalize our impact & sustainability strategy. We knew the venture capital ecosystem would benefit from integrating ESG and impact practices, even if this wasn't mainstream yet. We recognized as investors we would gain better financial returns from integrating ESG and impact considerations into our investment strategy, while at the same time we would be reflecting our value system in our investment approach.


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# ESG + Impact = Growth

At first, we considered setting up a separate impact-focused fund, but we decided to instead integrate ESG and impact into everything we do. We knew this might be more difficult at the outset, but we also knew we'd have a bigger impact on our world and our portfolio companies if we integrated ESG and impact into all of our investments and efforts as a firm. Our portfolio consists of both early stage startups and mature growth stage companies that have deployed their products around the world. We knew if we only focused on new companies or funds we would miss out on sizable financial and impact-related benefits. Hence our decision to integrate our impact and sustainability philosophy across our portfolio, with all of our current investments as well as any new investments.

**What does ESG & impact mean at Pitango?**

We are integrating ESG and impact into everything we do, from our investment processes, to our internal operations, to our support of portfolio companies in developing their own ESG and impact practices. In this report, where possible we aim to reference the International Financial Reporting Standards (IFRS) S1 Sustainability Standards (though we are not making an 'explicit and unreserved statement of compliance' as we are not complying with all aspects of the standard), and the Sustainability Accounting Standards Board (SASB) industry metrics for the Asset Management & Custody Activities industry (see Appendix here for locations). We know the industry needs to move towards standardized reporting to enable effective ESG integration into decision making, and at the same time we recognize the difficulties to align with these standards as a smaller company with resource constraints (both for our portfolio companies and our team).

Therefore, as our external reporting evolves we will strive to continue to expand our approach to aligning with standards through educating and enabling both our portfolio companies and our firm to measure and manage the required quantitative and qualitative metrics.

At the same time, the most ubiquitous ESG standards were not developed with venture capital and the startup ecosystem as a primary audience, so both the system of ESG standards as well as the participants across the venture ecosystem will need to move closer towards each other in order to enable full uptake of standardized reporting in venture capital.

We are pioneering an ESG-SDG continuum approach — focused on both ensuring companies integrate relevant ESG performance management practices to mitigate risks and build resilience, and working with our companies to identify and track impact-related outcomes aligned with the United Nations Sustainable Development Goals (SDGs), where relevant. We'll share more about our ESG-SDG continuum in this report.

Our entrepreneurs are innovating across the spectrum, from deep tech transformations in quantum computing and AI to revolutionizing incumbent industries like construction, insurance, mobility, and more. Together with our portfolio we aim to generate exceptional financial performance, while solving some of the most pressing challenges facing our planet.

# Defining ESG & Impact

ESG and impact are often confused, so we will share brief definitions of each in order to better explain our approach to integrating both ESG and impact into our investment strategies.

**What is ESG?**
'ESG' refers to a framework for evaluating company risks and opportunities related to environmental, social, and governance factors. Focus areas that fall under the ESG umbrella are non-financial aspects that influence a company's performance. Managing ESG performance effectively leads to more successful and resilient businesses over the short and long term.

**Integrating ESG into investment practices**
Investors choose to integrate ESG performance into their evaluations of companies in order to get a better picture of the company's potential return on investment and future financial performance. Strategies may include:

- Screening companies against exclusion lists.
- Integrating ESG-related questions into due diligence questionnaires (e.g. "How does the company incorporate DEI into hiring, training, and retaining employees"? "Are you tracking your GHG emissions?"").
- Implementing a term sheet clause that references improving ESG performance.
- Engaging with a company over the life cycle of the investment to support positive ESG performance.
- Engaging upon exit to support the company to share performance with relevant stakeholders.

**What is Impact?**
'Impact' refers to generating a positive environmental or social outcome through the business's products and services that is intentional, demonstrable, quantifiable, and verifiable.

Impact outcomes are often related to the UN Sustainable Development Goals (SDGs). The SDGs or Global Goals are 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all." The SDGs were established in 2015 by the United Nations and are intended to be achieved by 2030.

A company that effectively manages ESG performance will avoid business risks and negative outcomes for people and the planet. This can be impactful in itself.

We consider ESG as mostly internal to company operations, and impact as the influence of a company's products and business model externally. ESG performance and impact strategies are not mutually exclusive. For a company to be effective in generating positive impacts, the business must also integrate ESG practices.

# Defining ESG

| | |
|---|---|
| **Environmental** | Company environmental impacts, needs and risks, including areas such as natural resource use, greenhouse gas emissions and climate-related risks. |
| **Social** | Company  relationship with and impacts on stakeholders, including focus areas such as ethical supply chain practices, diversity and inclusion, responsible product design, and ethical AI development and use. |
| **Governance** | Performance related to a corporation's internal controls and corporate actions, with a focus on developing fair, accountable and transparent practices, including concepts such as an effective Code of Conduct, anti-bribery and anti-corruption mechanisms, and whistleblower policies. |

**What is materiality?**

Materiality is a measure of how relevant certain focus areas are for business success. To determine relevant E,S, and G risks and opportunities leaders may facilitate a **materiality analysis.**

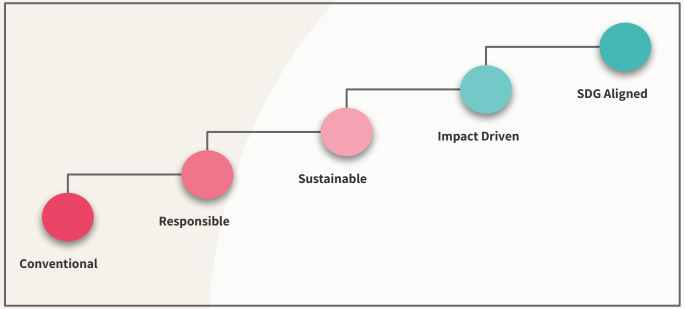
Leaders may consider financial materiality (focused on how ESG topics impact the company) or double materiality (considering both the impact **on** the company as well as the impact **of** the company on society and the environment).

# Our Methodology: ESG → SDG Continuum

**What is the ESG-SDG continuum?**

At Pitango, we have developed a pioneering ESG-SDG continuum approach. The ESG-SDG continuum is our strategy for both ensuring companies integrate relevant ESG performance management practices, and working with our companies when it is relevant to identify and track impact-related outcomes aligned with the SDGs.

We believe all companies should integrate ESG performance management. We help our companies set clear ESG-related targets and improve their performance over time. At the same time, we've identified that most companies have the potential to create an impact through their products and services, correlated to the UN Sustainable Development Goals (SDGs). As a generalist venture fund, we recognize that not all our companies will be focused on generating SDG-aligned positive impact outcomes for our society or our planet. As long as they are avoiding harm, if they integrate high ESG standards, these companies can still be a part of our portfolio. For interested companies, we provide support in identifying relevant SDGs for their business model, setting targets, developing strategies, and tracking progress over time.




**Why do we believe in the ESG-SDG continuum?**

We believe it is our responsibility to assist entrepreneurs in enhancing their financial, social and environmental outcomes.

There is ample evidence that companies with strong ESG performance and impact strategies:

- Enhance customer loyalty
- Attract and retain the best talent
- Increase team productivity
- Attract impact and/or ESG-related capital
- Comply with their customers' ESG requirements
- Reduce regulatory risks

We believe companies that consider impact as part of their business strategy will benefit from finding a better product-market fit (relevant for early stage startups) and achieve more growth than their peers as they align with defined social or environmental challenges.

Our methodology focuses on a holistic evaluation, not siloing ESG and impact but rather looking at both of these aspects together and recognizing the interconnections between these strategies. Just as we aim to evaluate businesses and teams based on how well-rounded they are, we also aim to look at the total picture of both ESG and impact and understand how well-rounded a company is or can be related to responsibility and sustainability. Our ESG-SDG continuum approach helps our portfolio companies become more resilient and eventually deliver both better financial returns and positive impact.

# ESG → SDG Continuum

## Conventional

**No Impact/ESG management**
Conventional businesses with no ESG risk management, no social/environmental objectives or considerations. Potential ESG red flags.

## Responsible

**Limited ESG Review**
Companies are displaying neutral/positive ESG performance, with no formal ESG strategy in place. No ESG red flags are identified, and the team is ready to begin adopting more formal ESG practices.

*Avoid Harm*

See more about the ABC classification here

## Sustainable

**ESG Mitigation**
Teams are implementing ESG strategies, and managing high materiality topics e.g. diversity, emissions, etc.

Companies with no potential product-related impact will stay in this category, and continuously improve on their ESG metrics.

*Avoid Harm → Benefit Stakeholders*

## Impact Driven

**Impact Opportunities**
The company recognizes how their core products and services can or currently do contribute to positive external impacts, even if these impacts are unintentional.

*Benefit Stakeholders*

## SDG Aligned

**Contributing to SDGs**
Teams are developing measurable outcome metrics related to the company's products and services.
The company is embedding a consideration of SDG indicator targets into product development and business strategies.

*Contribute to Solutions*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# Pitango Theory of Change

## Problem

There are three main problems we aim to solve:

1) Startups are mostly not implementing ESG best practices, resulting in poor performance (e.g. diversity & inclusion, carbon footprint and responsible governance).
2) Startups that are generating solutions for social and environmental challenges often do not clearly align with global impact goals, and miss out on opportunities to create intentional, substantial change and achieve greater market success.
3) The global generalist VC ecosystem is mostly not integrating ESG/impact practices in their investment processes. Therefore startups are not oriented towards creating positive impacts, and the industry performs poorly across metrics related to diversity and inclusion, carbon emissions, etc.

## Inputs

- Capital invested in portfolio companies.
- Invest in ESG reporting tool for portfolio companies.
- Time and resource allocation for ESG and impact trainings, expertise and knowledge transfer.

## Activities

- Invest in startups with high potential for aligning with ESG standards as well as potential social and environmental impact.
- Educate portfolio companies about ESG and impact management.
- Provide mentorship and hands-on assistance, share example role models internally and externally.
- Provide resources and tools for portfolio companies to integrate ESG performance management and impact measurement, including access to an ESG reporting tool.
- Facilitate and engage in stewarding the VC and startup ecosystem towards adopting ESG and impact management through partnerships, webinars, and other events.

## Outputs

- Portfolio companies increasingly adopt relevant ESG and impact strategies.
- Portfolio companies increasingly adopt ESG metrics and measure impact outcomes.
- Generalist venture capital firms increasingly adopt ESG and impact methodologies.

## Outcomes

- Progress towards achieving the SDGs — more startups initiated to address societal and planetary challenges.
- Increased diversity and better inclusion in the high-tech ecosystem. In portfolio companies, increased diversity on the board, across leadership, and within the employee base.
- A more responsible startup ecosystem adopting ESG best practices.
- More capital deployed by VCs integrating ESG and impact.

## Impact

- Reduced carbon emissions and other environmental impacts (e.g. waste, water usage).
- More innovation due to more diverse boards and teams.
- Better opportunities for women and minorities, increased rates of promotion and equal pay for women and minorities.
- More equitable and responsible corporate structures and technology systems (including ethical AI).
- Increased employee wellbeing and satisfaction.
- Increased financial responsibility in the VC ecosystem.
- Effectively addressing climate change.
- Effectively addressing diverse societal needs and challenges.

***Stakeholders:*** *Stakeholders we are aiming to affect include all users of portfolio companies products and services, as well as communities these companies impact, geographic regions and the larger planetary ecosystem that will be impacted by their supply chain and operations, employees of the companies, as well as investors and the larger economy that relies on companies to be resilient and effective.*

***Potential limitations or risks:*** *Potential limitations or risks include the risks of enabling greenwashing, adding too much to the plates of resource-strapped teams, relying on portfolio companies to effectively implement strategies in order to achieve our goals.*

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# ESG in Venture Capital

ESG in venture capital is still developing. While larger, more established companies and their investors have been integrating ESG performance for many years, venture capital as an industry is relatively recently developing practices to right-size ESG integration so that it benefits startups, venture firms, and their stakeholders.

Startups currently often struggle to integrate ESG performance because of a few main factors:

1. Many startups are software based and don't have material products, and they see the ESG space as predominantly focused on companies that are not technology centric.
2. Early stage companies often change their business model multiple times so they are reticent to adhere to certain ESG standards.
3. Startups are resource constrained and laser focused on establishing and developing product-market fit.
4. There is ambiguity related to what 'good' looks like in ESG performance, especially for startups.

As a venture ecosystem we need to adapt ESG integration so that it works for high tech companies across early to growth stages. We need to show how ESG performance is relevant for technology companies (consider responsible technology development, ethical AI, metals mining, carbon emissions from data centers, employee satisfaction, the list goes on) and how early stage companies can still adopt ESG practices that will evolve as their business grows.

It is important to lead by example in the ESG/venture capital space — many of these efforts are in an uncharted territory so it may be messy as practices and systems evolve.

At the same time, the entrepreneurs who will build the most successful and profitable companies are the ones recognizing the interconnections between their company's success and the success of our society and our planet. Integrating fit-for-purpose environmental, social, and governance considerations will drive better returns.

At Pitango we work with our entrepreneurs to align with industry best practices, develop right-sized goals, and integrate fundamental principles that will be able to grow as the company grows and matures.

On the following pages we provide a brief overview regarding why ESG performance is important for startups, society, and venture capitalists.

# ESG in Venture Capital

**Why is ESG important for startups?** ESG performance is important for both short and long term success. Companies that integrate effective strategies across environmental, social, and governance dimensions:

1. **Attract capital and top tier talent.** 76% of VCs in a recent PwC study consider ESG in their investment process. 71% of adults in a recent IBM study shared that they are more likely to accept a job from a company they consider socially responsible, and 50% would accept a lower salary from such an organization.
2. **Reduce risks and stay ahead of regulatory requirements.** In the past few years, there has been an increased emphasis on ESG-related regulation, both through the SFDR implementation as well as new disclosure regulations by the SEC in the US around diversity and inclusion as well as climate-related disclosures.
3. **Win enterprise customers and consumers who prioritize sustainability.** 83% of consumers think companies should be actively shaping ESG best practices. Large corporations often require their suppliers to comply with relevant ESG frameworks.
4. **Are more innovative and successful.** A recent meta-study found "sustainability initiatives at corporations appear to drive better financial performance due to mediating factors such as improved risk management and more innovation." In addition, diverse teams financially outperform their peers. A McKinsey study found "companies with more than 30 percent women executives were more likely to outperform companies where this percentage ranged from 10 to 30, and in turn these companies were more likely to outperform those with even fewer women executives, or none at all." Managing ESG performance well can result in operational efficiencies and collaborations that lead to innovation (while doing this work as a 'check the box exercise' will not have the same results).

**Why is ESG in venture capital important for society?**

**Early stage companies and investments:** It is more effective to integrate foundational ESG practices early on, rather than waiting until a company is more mature. For example, consider how difficult it is to rebuild a team with diversity as a priority once the team is 200 people, versus starting to consider inclusive hiring practices when the team is just the founders, or early on with a team of 10 people. Or, consider re-developing an entire supply chain to ensure ethical practices when the company has millions of customers versus choosing suppliers purposefully at the outset of company formation. Early stage companies have an opportunity to integrate ESG performance as part of their company culture. When startups implement effective ESG strategies early on, they are more successful and better stewards of our planet and society.

**Growth stage companies and investments:** Growth stage companies employ hundreds of people and have large impacts across their value chain. They've raised significant amounts of capital and are already deploying their products across the global market. Later stage startups are often in the process of developing the policies and practices that will contribute to their legacy in society. Because of their size and impacts on the planet and society, it's crucial growth stage companies integrate ESG practices. It's never too late to integrate solid ESG practices, even after the company has a product in the market and a solid business case. Companies can always be thinking about ESG considerations such as diversifying their talent pipeline, ensuring ethical and responsible supply chain practices and reducing their carbon footprint.

# ESG in Venture Capital

**Why is ESG performance important for venture capitalists?**

The market and LPs are increasingly evaluating ESG performance and rewarding strong ESG management. In a recent PwC study, 64% of venture capital GPs say their limited partners have expectations regarding ESG risk management. Meanwhile, in a 2021 meta-analysis, 71% of studies show companies with strong ESG performance outperform peers or have a neutral result. In 2022 UN PRI published a piece about ESG in venture capital, underscoring the growing movement towards integrating ESG principles in this asset class.

In addition, the best founders are choosing their investors, and will prioritize values-aligned capital providers. Venture capital firms that can demonstrate their commitment to ESG performance, and show how they will be supporting portfolio companies on their journey, have an opportunity to attract founders with the same goals.

As with everything else, when efforts are done with the right intentions, they will succeed more than those with a check-box mentality. We believe our intentionality is critical to the success of our firm and our companies.

Our intention with integrating ESG performance is to both reflect our values and drive better returns. We do not approach this lightly, instead we are considerate and thoughtful in developing our strategies and supporting our portfolio companies on their journey. We seek to work with founders that have the same intentions.

As venture capital firms continue to compete for investments and aim to choose the companies that will outperform their peers, prioritizing ESG performance will be crucial.

# Advancing ESG in the Venture Capital Ecosystem

Pitango aims to support the global venture capital ecosystem in integrating ESG and impact management practices through partnerships, educational activities, and information sharing related to best practices for mainstream VCs.

We are founding members of the Israel Forum for Impact Economy, and steering committee members of VentureESG.

Pitango has been a signatory of United Nations Principles of Responsible Investing (UN PRI) since 2020. As UN PRI signatories, we also support VCs in implementing the principles and are working closely with UN PRI to make the audit more relevant and suitable for venture capital.

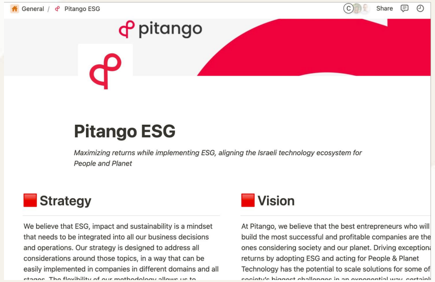
*Signatory of:*

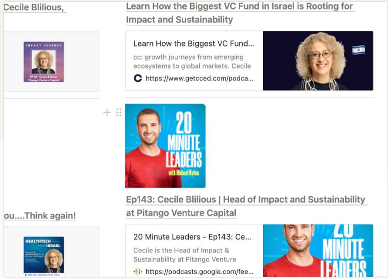
PRI Principles for Responsible Investment

| UN PRI Principle | Pitango Tactics |
|---|---|
| Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes. | Due diligence process, ESG investment memo and presentations to Investment Committee. |
| Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices. | ESG Policy, ESG  term sheet clause, engaging portfolio companies to develop ESG strategies and targets. |
| Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest. | Working with portfolio companies to identify gaps and develop KPIs. Onboarding portfolio companies with ESGgo for reporting and disclosures. |
| Principle 4: We will promote acceptance and implementation of the Principles within the investment industry. | Supporting VentureESG, GITA, IFIE, and others with relevant stewardship. Participating in public speaking events and share content in the tech ecosystem. |
| Principle 5: We will work together to enhance our effectiveness in implementing the Principles. | Collaborating with organizations within PRI and beyond. |
| Principle 6: We will each report on our activities and progress towards implementing the Principles. | Annual audit from PRI and internal and external ESG reporting. |

# Educating the Local and Global Community

Part of our commitment to advancing ESG in the venture capital ecosystem includes our educational efforts, from our Notion page and in-person and online webinars, to articles, podcasts, and our sustainability newsletter.





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# Timeline

## 2020

### Launched ESG-SDG Continuum

Developed our ESG-SDG strategy. Started applying our strategy with initial portfolio companies. Evaluated our internal ESG performance and developed processes and policies to evolve our internal performance. Implemented internal governance for ESG performance. Began supporting initiatives like Power in Diversity. Signed on to UN PRI.

*Signatory of:*

PRI Principles for Responsible Investment

POWER IN DIVERSITY

## 2021

### Integrating ESG and impact practices

Began voluntary reporting with UN PRI. Developed and implemented our ESG and DEI term sheet clauses. Scaled our ESG-SDG continuum practice, onboarding more companies and mentoring them through the process. Initiated our work with the VC Academy.

VC ACADEMY

## 2022

### Promoting ESG in the venture industry

Developed and participated in in-person and remote webinars related to key ESG issues. Continued to iterate our ESG-SDG strategy to accommodate past and future investments.

## 2023

### Increasing adoption and evolving reporting practices

Integrated ESGgo for internal efforts and also onboarded willing portfolio companies for their reporting and disclosures. Aiming to increase adoption of our ESG-SDG continuum across our portfolio. Shared first annual public ESG & Impact Report.

ESGgo

# 02.
# ESG & Impact in our Investments

pitango

# Our Investing Approach: 4Ts & i

Our vision for investing is to maximize returns while integrating ESG and impact practices, aligning the Israeli technology ecosystem for People and Planet.

**4Ts & i**

First we evaluate potential investments' Team, Theme, Technology and Terms. If companies meet the thresholds we set for each of these areas then we also consider the 'i' — impact and ESG. Successful investments will exhibit the attributes we look for across our 4Ts. Then, as an added factor to consider whether a company will succeed, we also look at ESG and impact strategies.

VCs are often concerned they will have to compromise their investing strategies if they begin considering ESG and impact. ESG and impact is actually a refining factor for us, we won't invest if the 4Ts aren't met, and those companies that can also perform well in the ESG/impact category, we believe are even more likely to succeed. In addition, we will refuse investments if they do not align with our firm values and at least 'avoid harm'.

Sustainability is a mindset that needs to be integrated into all of our business decisions and activities. Sustainability to us means the ability for people to continue to thrive in our society and on our earth for generations to come. Our ESG-SDG continuum strategy is designed to address considerations related to both ESG and impact, in a way that can be easily implemented with companies in different domains and at all growth stages.

The flexibility of our methodology allows us to both integrate ESG performance into our investment considerations while working closely with our existing portfolio companies and helping them to integrate ESG and impact management into their core business.

# A Note on Data Availability

One of the main concerns venture capital firms have when considering whether and how to implement an ESG performance management approach is that their startups are unable to collect, manage, and share data related to their ESG risks and opportunities. We know collecting data from startups is not an easy task. Founders and teams at early and growth stage companies are resource constrained, and often teams feel ESG considerations are not a priority. Even if they do want to make commitments related to ESG efforts in the future, collecting internal data about carbon emissions or codifying ethical supply chain practices may seem extraneous to their main goals.

At Pitango, we recognize these challenges for our portfolio companies, and we do not have all the data to show every aspect of ESG performance for our startups. However, we do not let this hold us back from implementing the ESG practices we can, collecting the data we can, and encouraging and supporting our portfolio companies to implement right-sized ESG strategies that will benefit them in both the short and long term.  We've found that even with a small amount of data, we can facilitate a gap analysis and start to set KPIs.

As a market, startups are still in the ESG education phase, and we see incremental growth as a win. We also see that by helping companies formulate and integrate an ESG policy, they will begin to implement  changes in their operations that will eventually be reflected in collected and shared data.

As a society facing existential climate and social crises, we understand we don't have time. We cannot wait until everything is perfect - the taxonomy, measurement practices, data collection and reporting frameworks. We need to have the same agile approach to ESG as we have with product and business development, and recognize over time our processes and practices will improve.

We believe as a venture ecosystem we need to find a path forward for ensuring early and growth stage companies are developed responsibly, while data collection may not yet be feasible in all aspects of ESG performance.

# ESG & Impact Policy Overview

Every company we invest in we classify based on our ESG-SDG methodology. We review company responses to our due diligence questions and aim to identify ESG-related gaps as well as impact opportunities. This process helps us identify the appropriate sustainability-related risks and opportunities to measure and manage for each company. We believe all companies should integrate ESG performance management. We help our portfolio companies set clear targets and improve their performance over time. Most companies also have a potential external impact related to the UN Sustainable Development Goals (SDG) created by their products and business model. We work with our companies to identify relevant SDGs, set targets, and track progress.

As a firm, we recognize our responsibility to practice what we preach. Our ESG & Impact Policy also outlines our internal activities related to ESG and impact. See more in the section: ESG and Impact at Pitango.

**Our ESG and impact approach includes four main steps for new investments:**

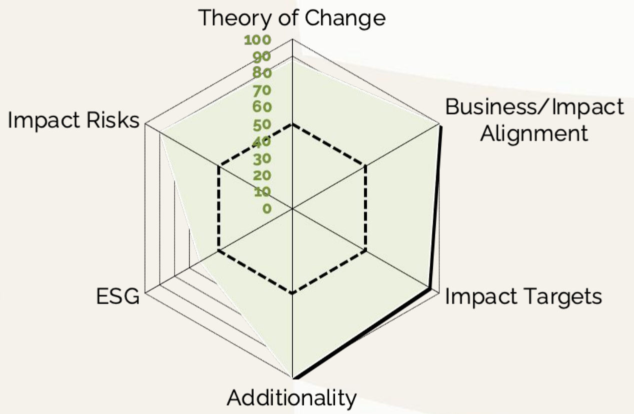
| | |
|---|---|
| Screening | ESG and impact screening for potential new deals. |
| Due diligence | Company ESG questionnaire, evaluation and internal impact score card during the due diligence process. |
| Investing | Integrating an ESG clause in our term sheet. |
| Post-investment | Designing and assisting in implementing ESG and impact strategies, and supporting companies to report to customers and other stakeholders |

**For companies we invested in prior to 2020, and post-investment for new investments, we facilitate an impact migration process.** **See here to learn more.**

# Screening & Due Diligence

***Objective:*** Evaluate potential investments to understand ESG and impact risks and opportunities.

- Review the company business model, products and services
- Analyze potential ESG risks & opportunities
- Consider current and potential future impact strategies
- Develop a score based on our framework
- Draft an investment memo summarizing our findings




***Output:*** Plan of action for investment related to ESG risks and opportunities and impact management.

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# Investing & Post-investment

***Objective:*** Ensure alignment around improving ESG and impact-related performance.

- Incorporate a term sheet clause referencing our mutual commitment to improving ESG performance
- Aim to collect ESG Data using ESGgo
- Develop an ESG and impact gap analysis to identify areas for improvement
- Set relevant Key Performance Indicators
- Support our portfolio companies to report on ESG and impact performance and improve on their performance over the life cycle of our investment

***Output:*** Improved ESG and impact performance across our portfolio.

# Impact Migration

We aim to work with our companies to support them in both managing ESG performance and aligning with SDG goals. We have developed an 'impact migration' process to support companies in this journey, and help them move along our ESG-SDG continuum.

**Onboard**

Onboard company management. Select task force to focus on ESG and/or impact management.

**Evaluate**

Identify ESG gaps. Explore whether the company can establish an impact-related mission.

**Define**

Develop ESG Policy and establish key ESG metrics and goals.

**Integrate**

Integrate ESG performance and relevant strategies into company operations and processes.

**Communicate**

Share ESG performance with stakeholders, aim to align with relevant standards and frameworks.

**Improve**

Review implementation, track and improve efforts continuously.

ESG

All companies start here

Track one: ESG Performance

*If a company does not have impact-related outcomes, then it will continue on with track one, focused on ESG performance.*

*If a company can establish an impact-related mission it continues on with both tracks, evolving impact performance (track two) as well as ESG performance (track one).*

SUSTAINABLE DEVELOPMENT GOALS

Track two: Impact Performance

**Define**

Write impact mission. Identify SDG indicators. Connect product outcomes to SDGs.

**Integrate**

Establish goals, strategies, and KPIs aligned with SDG targets. Educate internally about SDG-aligned opportunities.

**Communicate**

Include impact goals in all company messaging.

**Improve**

Review implementation, track and improve efforts continuously.

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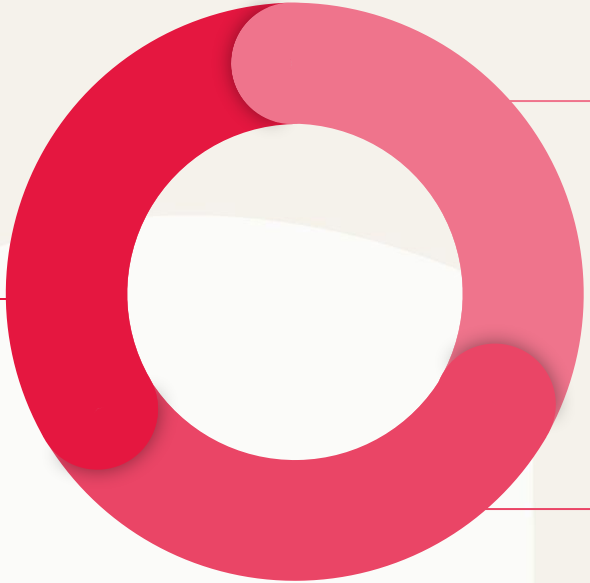
# ESG and Impact Integration is a Continuous Process

### Evaluate

Pitango often starts the process, supporting companies to consider how ESG and impact are relevant to their operations, products, and services through sharing about our ESG-SDG continuum and impact migration process, education, and advising.

As the business matures, the internal team at our portfolio companies continues to evaluate relevant ESG/impact aspects.



### Evolve

As companies grow, additional ESG considerations arise, e.g. supplier considerations, retaining a growing workforce, ethical AI with expanding products/services. Impact considerations grow as the products, services, and business strategies adapt to new markets and trends.

### Integrate

Portfolio companies starts and/or continue building strategies and processes related to impact and ESG.

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# 02.1
# ESG in our Investments

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# Key ESG Performance Focus Areas

Throughout our process, from screening and due diligence through post-investment support, the primary ESG issues we review and enable strategy support for include:

| | Topics | Practical applications |
|---|---|---|
| **Environmental** | ○ Company carbon footprint (GHG emissions)<br>○ Waste generation and management | ○ Tracking and reducing carbon footprint (Scope 1, 2, and 3 emissions)<br>○ Developing and implementing an environmental policy (e.g. choosing green data center options, minimizing flights)<br>○ Facilitating a Life-Cycle-Analysis where relevant |
| **Social** | ○ Employee satisfaction and diversity and inclusion<br>○ Working conditions<br>○ Local communities<br>○ Health and safety<br>○ Responsible product design<br>○ Ethical AI | ○ Developing a DEI policy and implementing DEI strategies related to recruiting, hiring, training, and promoting<br>○ Evaluating gender pay gap<br>○ Ensuring appropriate employee benefits and policies for company size (e.g. work from home, vacation days, volunteer opportunities, employee resource groups, parental leave policies etc.)<br>○ Facilitating corporate social responsibility activities (volunteering, philanthropic giving, grants)<br>○ Prioritizing employee safety and privacy<br>○ Integrating strategies to ensure responsible product design and development (e.g. scanning for unintended consequences, responsible AI development and use) |
| **Governance** | ○ Implementing responsible governance practices<br>○ Board diversity and structure<br>○ Climate-related risks and opportunities | ○ Writing and implementing relevant governance policies, including: anti-harassment, Code of Ethics, anti-corruption and bribery<br>○ Implementing mechanisms to ensure appropriate/ethical usage of the product/technology (e.g. Know Your Customer)<br>○ Improving Board diversity, function, and balance through various strategies (e.g. adding industry experts/Board observers, evaluating and avoiding conflicts of interest, etc.)<br>○ Ensuring Board decision tracking and reporting<br>○ Establishing appropriate functioning Board committees for company size<br>○ Identifying and managing product and operational climate-related risks and opportunities (physical risks and risks due to the transition to a low-carbon economy) |

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# ESG & DEI Term Sheet Clause

**Environment, Social & Governance (ESG):** Within the 6 (six) months following the Effective Date, the Company shall prepare an Environmental, Social and Government policy in the form satisfactory to Pitango and report to the Investors on regular basis consistent with “Information Obligation” Clause on such policy related Key Performance Indicators agreed between Pitango and the Company on a periodic basis.

**Commitment to Diversity, Equity and Inclusion:** Pitango firmly believes that building diverse and inclusive teams will lead a company to be more innovative and competitive, leading it to overall success. For this reason, we ask that our portfolio companies seek to build diverse and inclusive workforces, and in particular, that they consider interviewing at least one qualified woman and/or minority candidate for each executive-level position and independent board director opening at their company.

To support this effort, Pitango will assist by connecting to relevant groups and pools of talent from diverse sources, provide advice and support in recruiting processes and help set KPIs for improvements. Pitango also requests that an equal pay policy shall be written and implemented to prevent gender or other pay gaps within the company workforce at all levels.

Pitango requests that the Company report annually certain employee diversity metrics and particularly set annual KPIs for improvements to be reviewed.

*We realize for startups collecting and aggregating ESG data is hard and still uncommon. To support our companies, we engaged with an external ESG management tool and provided a license to our portfolio companies. This tool can help with data collection and calculations, and management of ESG practices. Through this partnership, we hope to “automate” part of the process and enable more of our startups to integrate ESG performance management.*

# ESG & Our Portfolio Companies: Spotlights

Our portfolio companies are evaluating and managing several key issues across E,S, and G dimensions. As we're on a journey to continue to collect and manage more data over time, here we'll share a few spotlights across our portfolio.

| | | |
|---|---|---|
| 01 | Overview | 2022 Highlights |
| 02 | Environmental | Qualitative summary of focus areas across growth stages |
| 03 | Social | Diversity data |
| 04 | Governance | Qualitative summary of focus areas across growth stages |

# 2022 Highlights

Quality jobs generated through our portfolio

13,700+

Companies with female board members

38%

Deals utilizing ESG term sheet clause*

40%

*Percent of deals utilizing term sheet clause when Pitango was a lead investor (in 2022).

Companies with female founder/co-founder

13%

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# Environmental Performance

To reflect the environmental performance of our portfolio companies, we are sharing qualitative information related to trends we see for our companies as they work to manage their environmental performance. These summaries are not exhaustive and do not apply to every company, rather they are general patterns we are observing. As we work to onboard more companies to our ESGgo platform we aim to share quantitative data related to carbon emissions in the future. The below stages are a continuum, and companies may be anywhere along this spectrum.

## Early stage

Our early stage companies are often learning about environmental risks and opportunities, and making commitments to evaluate quantitative information like carbon emissions in the future. Barriers to adopting environmental strategies include resource limitations and the fact that these companies may still shift their business model. Activities may include:

- Writing an environmental policy
- Implementing initial practices to reduce their carbon footprint — e.g. office choice, encouraging public transportation, reducing air travel, and choosing greener data centers
- Promoting waste reduction
- Evaluating opportunities to support clients in their environmental performance

## Early growth

In the early growth stage, companies are more likely to be evaluating tools to help them measure their carbon footprint. Barriers to adopting strategies in this stage include uncertainty about what 'good' looks like, and which tools will best serve company purposes. Activities may include:

- Evaluating carbon emissions software tools
- Establishing roles and responsibilities related to environmental performance within the operations or other teams

## Growth stage

Growth stage companies are often looking towards implementing effective company-wide strategies to reduce their footprint. They are more likely to be integrating climate-related risk management into their strategies and Board oversight. Activities may include:

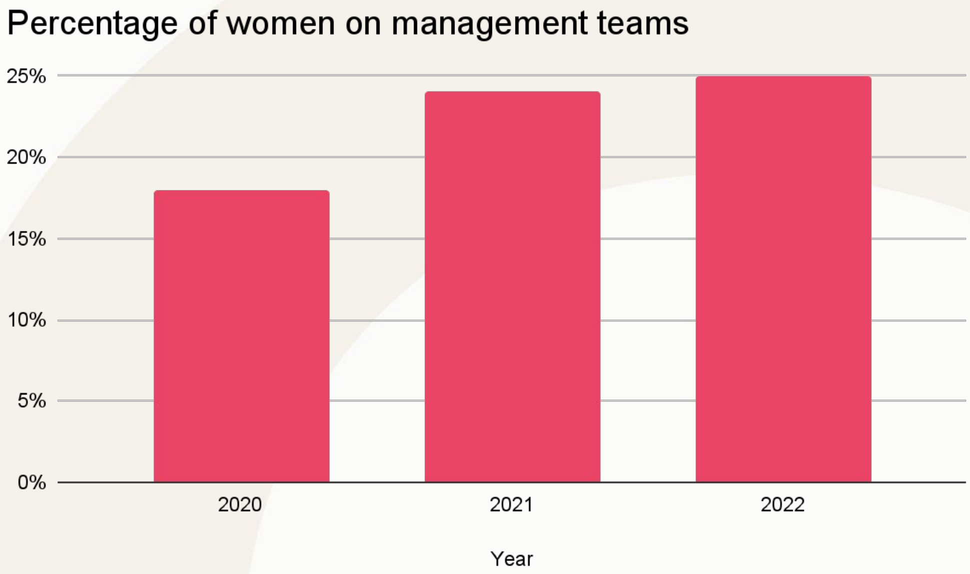
- Aiming to set carbon emissions targets
- Implementing company-wide strategies to reduce carbon footprint and/or purchasing offsets
- Working towards managing climate-related risks

7

Companies sharing emissions data via ESGgo

# Social Performance

To reflect an aspect of social performance, we are sharing data related to the percentage of women on management teams in our portfolio companies. We are also beginning to track other aspects of diversity — in Israel diversity metrics primarily focus on representation from members of ultra-Orthodox and Arab communities. Although percentage female representation on management teams is increasing, we still see clear inequalities in the management of technology companies. At the same time, female representation at the board level is rare, and below we are sharing some thoughts on how to ensure more equitable representation on boards. As a firm we are committed to supporting our portfolio companies to develop diverse and equitable leadership teams.




## Percentage of female board members in 2022

# 5%

We report this to indicate that there is so much work left to be done to ensure equal representation in the venture capital industry. Industry reviews demonstrate similarly low percentages. A few mechanisms we propose to shift this number:

- Add independent board members from diverse backgrounds. Appoint diverse industry experts and observers to boards at least until the percentage of female investors makes equal representation feasible.
- Build an advisory board that can influence decision making and include diverse backgrounds.
- Increase female representation in venture capital (e.g. through the VC Academy).

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# Governance Performance

To reflect the governance performance of our portfolio companies we are sharing qualitative information related to how our companies approach governance performance across growth stages. These summaries reflect patterns and trends, they are not exhaustive and do not apply to every company. As we work to collect more data from our portfolio companies we aim to share quantitative data in the future related to the number of companies applying various governance policies. The below stages are a continuum, and companies may be anywhere along this spectrum.

## Early stage

Early stage companies are beginning to establish their governance policies. With these companies we are ensuring they have foundational policies that will enable their company to operate ethically and protect their company from governance-related risks. We aim to ensure all of our companies integrate the policies listed on the following page.
Early stage companies are developing a Board of Directors and we aim to support them in formalizing best practices, as well as considering how they can embed accountability into their governance practices from the outset.

## Early growth

As our companies grow and begin to employ more individuals, they may develop additional policies to ensure equitable operations and sustainable performance. Early growth companies are often implementing strategies to ensure governance policies are executed at a larger scale. These companies are more likely to be evolving governance strategies that enable transparency, sharing financial and other operational information with stakeholders. Board professionalism and documentation practices are maturing in this stage.

## Growth stage

Growth stage companies are looking ahead towards the governance practices that are expected of public companies. These include demonstrating responsible business ethics, evaluating executive pay practices and climate-related risk management. We aim to support growth stage companies in ensuring they include diverse backgrounds and representation on the Board (potentially via independent board members). Later stage companies are more focused on maturing risk management and controls, and are more likely to report ESG-related information publicly to stakeholders. They are often preparing for regulatory requirements associated with public companies.

**13**

Companies integrating ESGgo to report ESG performance data

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# Governance Performance

As our companies grow, we aim to ensure all of our portfolio companies have policies related to:

- Code of Conduct and Ethics
- Equal Pay/Pay Gap
- Family/Medical/Bereavement Leave
- Environmental Footprint and Climate-related Risks
- Anti-Harassment/Discrimination
- Board of Directors Mandate
- Data Security and Privacy
- Anti-Bribery/Anti-Corruption
- Whistleblower Rights

# 02.2
# Impact in our Investments

# Contributing to the UN Sustainable Development Goals

At Pitango, we aim to increase the number of venture backed and high tech companies addressing global challenges, from healthcare to climate change to education and equal opportunity for all.

Some companies we start working with are already impact-driven, for example they focus on increasing access to sustainable public transportation or are addressing inequalities in educational opportunities. Often these companies are not yet formally recognizing or communicating how they can contribute to the United Nations Sustainable Development Goals (UN SDGs), and measuring relevant impact-related outcomes. For these companies we support their team in identifying relevant SDG targets, and implementing their approach to measuring KPIs over time. Other companies we are working with are not impact-driven by design, but we can support them in identifying impact-related opportunities, for example partnering with appropriate institutions and philanthropies to put their products and services to work for the greater good. See more about our impact migration process here.

We define **impact-driven** companies as those that are by nature of their business model benefiting stakeholders, but they need support and education around how they can more formally contribute to the SDGs. We aim to migrate all possible companies to being "SDG-aligned." We define **SDG-aligned** companies as those that are able to consider and contribute to relevant SDG targets and indicators as they continue designing their products and services.

SDG-aligned companies have the relevant taxonomy in place and can approach investors and customers about how their products and services contribute to the SDGs. Some of our companies aim to contribute to the SDGs through volunteerism, partnerships, or philanthropic initiatives. We don't consider these 'SDG-aligned' companies through their product, but we support their efforts and recognize their importance to advance the SDGs.

We see aligning with the UN SDGs as an opportunity for our companies to expand into untapped markets, offer new products and services, achieve greater success, access additional funding opportunities, and contribute to the massive challenges in front of us. In this report we share information about how our portfolio can contribute to the UN SDGs, as well as a few case studies across growth stages that illustrate how our portfolio companies are making impacts on a global scale.

Our company SDG map indicates where we at Pitango see opportunities for our companies to contribute to the SDGs, not that all of these companies are already formally integrating SDG impact-related management into their business strategies. Instead, we use this as a tool for how we approach our portfolio companies to educate them about opportunities for impact. This map drives our internal planning regarding how we work with our companies in their impact migration process.

As we look ahead we aim to continue educating founders and leaders about impact-related opportunities, and supporting our companies in integrating impact management and measurement.

# Opportunities to Contribute to the UN SDGs

**3 GOOD HEALTH AND WELL-BEING**

Alike, CARBOFIX, Altesa BioSciences, incredo SUGAR, CLEW, EarlySense, ImmuneID, FOURSQUARE, Quantum Source, Laguna, Magenta Medical, Medisafe, Plantish, PsiQuantum, formlabs, conniehealth, zorro, keepMED, Protai, homethrive, TSCAN Therapeutics, variantyx, VIA, METAFLOW, visby medical, Vertos Medical, QUANTHEALTH, SURGE, ZAPATA, OpenEyes Technologies

**13 CLIMATE ACTION**

tomorrow.io, VIA, Volumez, optibus, MEND, iguazio, nexite, finout, DRIVENETS

**9 INDUSTRY, INNOVATION AND INFRASTRUCTURE**

optibus, Quantum Source, tylko, PsiQuantum, iguazio, finout, nexite, DRIVENETS, AppsFlyer, ZAPATA, D-ID, Browsi, aquant, TULIP, GRAPHCORE, formlabs, Localize

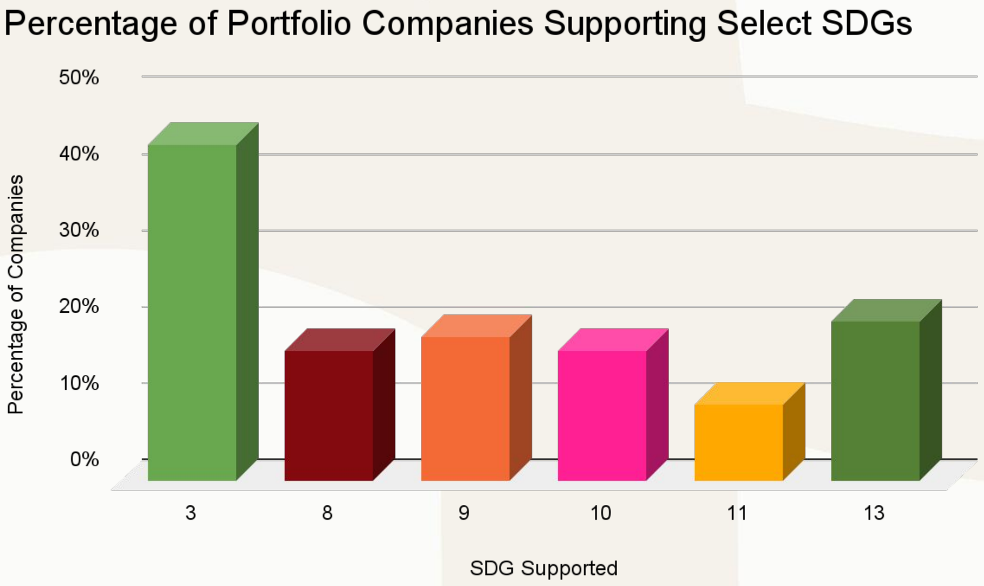
**4 QUALITY EDUCATION** | **5 GENDER EQUALITY** | **8 DECENT WORK AND ECONOMIC GROWTH** | **10 REDUCED INEQUALITIES** | **11 SUSTAINABLE CITIES AND COMMUNITIES** | **15 LIFE ON LAND**

Additionally, other portfolio companies have opportunities to contribute to these SDGs.

# Opportunities to Contribute to the UN SDGs

**~60%**

Of portfolio companies have an opportunity to contribute to the UN SDGs




**Each portfolio company may have opportunities to support multiple SDGs.*

# 02.3

# Case Studies

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# ESG and Impact in Action: Why, What, and How

The following case studies showcase select portfolio companies and their efforts related to ESG and impact management. In each case we aim to share **why** the company chooses to prioritize ESG and/or impact management, **what** the company specifically focuses on in these areas, and **how** the company approaches integrating sustainability and impact into their business operations, products, and services. In addition we share summary information related to outcomes of the initiatives, as well as how Pitango supported the team. Our goal with sharing this information is to support other VCs and high-growth companies in considering how they might also implement these practices.

Integrating ESG and impact management is not a one-size fits all process. These case studies portray the various unique approaches that portfolio companies have developed due to business size and stage, domain, core products and services, resource availability, relevant risks and opportunities, founder/leadership team aspirations, and maturity relative to ESG and impact efforts. We aim to highlight that each business should develop the ESG and/or impact strategy that fits best for their company and their stakeholders, recognizing this may differ from their peers. At the same time, companies should aim to align with relevant ESG standards where possible, in order to support stakeholder decision making and comparisons.

The case studies in this report summarize efforts for early, early growth, and growth stage companies, some of which are impact-focused by design (what we call “Impact Driven”), others that have adapted to integrate impact strategies, or focused more on operational ESG efforts. As the venture capital ecosystem evolves and uptake of ESG and impact strategies increases, we aim to continue supporting our companies and displaying role models for the industry that highlight how developing and integrating responsible and impactful business practices are a win-win for all involved.

| Early stage | Early growth | Growth stage |
|---|---|---|

finout

# Building the only FinOps tool enterprises need

Finout enables customers to monitor, manage & optimize cloud spend across all cloud providers and services.

**Founded**
2021

**Partnered**
2021


# finout

Finout is a cloud cost management and optimization platform. Finout enables customers to monitor, manage, and optimize cloud spend across all cloud providers and services.

The Finout leadership team learned from Cecile and Pitango that laying the foundation for ESG integration early will make efforts easier over time and will help them design their company culture from scratch. The team recognized developing an ESG Policy and goals at the outset would ensure they would not have to retool later. While external input from investors or customers about the importance of ESG does play into why the company prioritizes these efforts, the core reason why Finout is prioritizing ESG now is because they see it as the right thing to do, and they see that early efforts will scale and result in both a better company culture and positive business outcomes.

One of the main ESG areas Finout is focused on now is diversity. In every Board meeting the team reviews the percentage minority resumes for top of the funnel candidates. In working with recruiters the company makes their targets for representation clear, and the company has established an equal pay commitment. As a result of these efforts, 40% of the company are from underrepresented backgrounds based on their local geography.

In terms of environmental efforts, Finout established an environmental policy related to waste management and reducing carbon emissions where possible (e.g. choosing carbon neutral flight options). On governance, Finout adopted Pitango's suggested governance guidelines, including an anti-corruption policy.

Related to external impacts, Finout aims to support other companies in reducing their carbon footprint. In 2022 Finout published a piece titled FinOps is GreenOps, highlighting the relationship between cloud waste and carbon emissions, "This means that your FinOps platform should serve two key functions. The service must provide visibility over both costs and carbon footprint. Decisions may not be trivial when the cheapest solution is not the greenest solution. But, being able to analyze the impact of adopting different cloud strategies on both metrics is a vital step in making informed decisions."

Cloud consumption contributes more to global emissions than the airline industry, and is often the largest emissions source for software companies. Finout sees an opportunity to help companies make better decisions about cloud consumption and emissions. As global regulators continue to share required climate-related disclosures, the company sees opportunities for developing additional products and services related to reducing emissions.

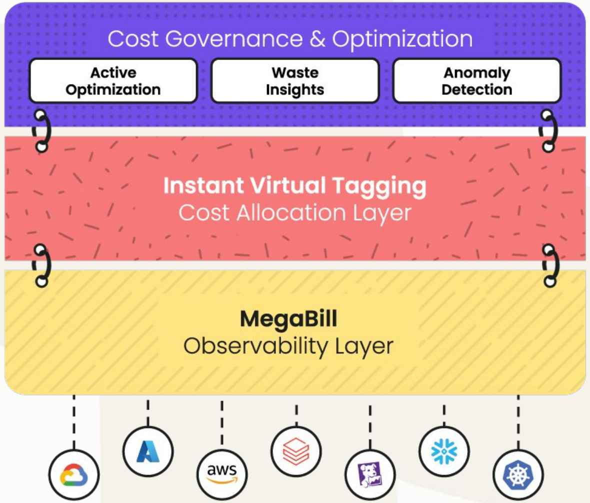
[Continued on the next page]

# finout

Currently Finout's CEO manages their ESG and impact-related efforts. Pitango has been critical in raising awareness related to what the company can achieve and how they should focus their initiatives at this early stage.

Prioritizing ESG practices at Finout has resulted in a healthier and more collaborative culture. Finout's CEO shares, "It's a culture of high trust that happens because of the high degree of diversity and inclusion in the work environment." In addition, making the connection between sustainability and financial operations has been a lead generator — customers are coming to Finout because of their thought leadership piece. This case study notes how a Finout customer was able to reduce their carbon footprint through eliminating unnecessary usage.

In the future, Finout aims to begin measuring and tracking internal emissions and continue building out features to ensure other companies can use the product in their carbon emissions reduction journey. Ultimately Finout sees ESG efforts not as an obligation, but instead as a business driver.



Case Studies | Early growth

# Masterschool

# Improving access to quality education for all

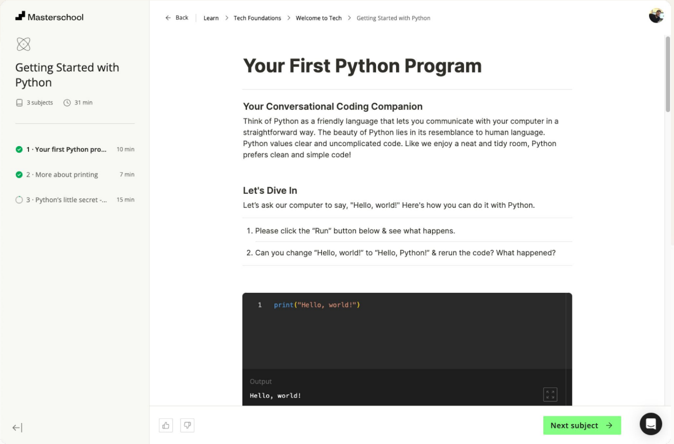
Masterschool enables more individuals to build a tech career with industry experts, removing barriers to education and ensuring students from all backgrounds can create inspiring, rewarding careers.

**Founded**
2019

**Partnered**
2022


> "Masterschool's team continually assisted me in developing and improving so that I could become the best version of myself.

Yevgeniya Gimelfarb
Senior Data Analyst
Google




pitango

# Masterschool

Masterschool is focused on ensuring everyone has the opportunity to create a rewarding career. Masterschool aims to improve access to quality and effective education for all.

External social impact is inherent in Masterschool's business model. Currently, many individuals looking for a better education encounter financial, geographic, or other barriers. Masterschool is focused on removing those barriers, providing students from all over the world the opportunity to access a quality education that will enable them to create inspiring, rewarding careers. Offering fully online, success-based programs, Masterschool's students only pay tuition once they're hired and earn over a certain income threshold. In this way, Masterschool powerfully aligns profits and purpose. While impact is integral to their business strategy, ESG-related issues are prioritized because Masterschool is a values-driven business, and the team recognizes doing well in environmental, social, and governance dimensions will enable their company to succeed and accomplish their mission.

Related to ESG, currently Masterschool focuses on social efforts. The company takes pride in their efforts to provide employees with an attractive and healthy work environment. This doesn't only mean good wages and benefits but also providing meaning to each employee's work, prioritizing an engaged workforce, and working effectively with 360 degree feedback. Women currently make up over 42% of the company's workforce, many of them in core positions (including in R&D and student-facing positions). Among leadership, women currently make up 38% of VP-level management.

In terms of governance, Masterschool aspires to achieve maximum possible transparency with employees and students. The company holds weekly company update meetings and facilitates open chats and Q&As with company leadership. Masterschool also provides visibility into OKR status and progress with live dashboards, which are visible online and in the offices, and shares company financial status with employees. As Masterschool's learning occurs fully online, environmental impacts related to physical classrooms and transportation to learning environments are minimized.

Related to external impacts, Masterschool strives to align with UN Sustainable Development Goals 4 (Quality Education) and 8 (Decent Work and Economic Growth), specifically related to the following targets:

- 4.3: Ensure equal access for all women and men to affordable and quality technical, vocational, and tertiary education, including university.
- 4.4: Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.
- 8.5: Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

In 2022, Masterschool had nearly 2,400 students in their programs, coming from over 40 different countries around the globe. In 2023 alone, the company is on track to reach 10,000 students.

[Continued on the next page]

# Masterschool

Students in 2022 displayed the following characteristics:

- 34% female
- 33% without any academic degrees
- 71% without any previous programming experience
- 54% are not citizens of the country they reside in

Masterschool's Product Strategy & Impact Lead currently manages impact at the company, along with support and input from key stakeholders including their CEO. ESG efforts are largely driven by their VP of Operations along with other key stakeholders across relevant business areas. Pitango's belief in the success-based business model has been instrumental for Masterschool. In addition, Pitango has shared guidance related to impact management, connected Masterschool to key stakeholders in impact investing and ESG, and shared positive case studies from the industry and other portfolio companies excelling in impact efforts.

As Masterschool continues to grow, they aim to expand partnerships with governments and other institutions in current and future markets to reach more audiences and continue making an impact across the globe.

> "Masterschool was the best program I've found. Better than I expected. The mentors have a lot of knowledge, are ready to assist with any problem, and helped me get an entry-level job in a big company in no time.

Ariel
IT Administrator
SAMSUNG

> "We all need someone to believe in us. The Masterschool team never failed to believe in me. It was an amazing experience.

Olga Yavelskaya
Data Analyst
MOONACTIVE

Case Studies | Growth stage

tomorrow.io

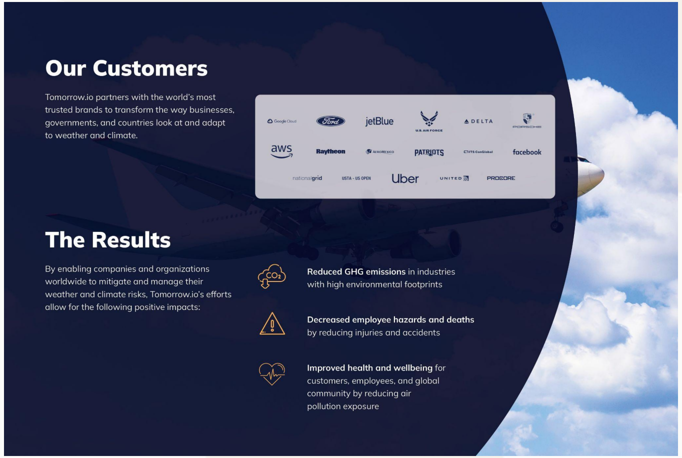
# Enabling humanity to face the climate crisis

Using the Tomorrow.io weather and climate security platform, businesses and governments can better adapt to an ever-changing climate by better predicting operational impact and automating decision-making.

**Founded**
2016

**Partnered**
2020

3 GOOD HEALTH AND WELL-BEING | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 13 CLIMATE ACTION

# tomorrow.io

Tomorrow.io specializes in providing accurate weather-based business insights through a vertically integrated approach and state of the art satellite constellation. Prior to Tomorrow.io launching their R1 and R2 satellites, NASA's GPM satellite was the only precipitation radar-equipped satellite in orbit. The R1 and R2 satellites are now delivering the first samples of what could be the world's most comprehensive precipitation dataset.

Tomorrow.io's mission is to equip humanity with the weather intelligence needed to adapt and thrive in an era of climate crisis. Using the Tomorrow.io weather and climate security platform, businesses and governments can better adapt to an ever-changing climate by better predicting operational impact and automating decision-making.

Tomorrow.io is in the business of climate adaptation, so impact is central to their business model. The team recognizes when employees see purpose in their work they are more effective in their day-to-day tasks. At the same time, developing impact-focused initiatives like their nonprofit TomorrowNow enables the company to ensure what they are building will benefit all of humanity. Tomorrow.io also focuses on internal ESG areas like diversity and inclusion and employee engagement not just because it's the right thing to do, but because these priorities translate into positive results for the business.

Tomorrow.io references the SASB material industry standards for ESG practices, and focuses on social equality, diversity and inclusion, a working environment that prioritizes well-being, and leadership based on transparency and corruption-free practices. "In 2021, 40% of Tomorrow.io's US hires and 36% of our Tel Aviv hires were from underrepresented and diversified groups."

In addition to managing internal ESG focus areas, Tomorrow.io is impact driven. The company aligns with SDGs 3 - Good Health and Wellbeing, 7- Affordable and Clean Energy, 8 - Decent Work and Economic Growth, 9 - Industry, Innovation, and Infrastructure, 11- Sustainable Cities and Communities, and 13- Climate Action. Key outcomes include: reducing GHG emissions in industries with high environmental footprints, decreasing employee hazards and deaths by reducing injuries and accidents, and improving health and wellbeing for customers, employees and the global community by reducing air pollution exposure. Enabling climate-related risk mitigation, Tomorrow.io offers a solution for large corporations aiming to manage risks and protect their organizations from the physical impacts of climate change.

[Continued on the next page]

tomorrow.io

*Impact Snapshot: SDG 11, Sustainable Cities and Communities*
Focusing on SDG indicators 11.5 and 11.6. Tomorrow.io enables customers to reduce the risk and cost of weather related events by implementing operating protocols synced to their software. Output metrics include 121,000 residents protected from four major winter storms. See here, starting on page 28 to learn more about impact focused outcomes.

In addition to their core business model, Tomorrow.io has developed TomorrowNow, a 501(c)(3) non-profit founded to get the latest weather security innovations to communities most in need. TomorrowNow aims to ensure that everyone, even the poorest in society, can survive and thrive in our changing climate. For example, TomorrowNow led a project in Kenya that engaged with 200 female farmers about how to improve weather and climate services for women. Tomorrow.io also participated in COP 27 and COP 28 speaking about climate adaptation and early warning systems for all.

Tomorrow.io's ESG and Impact Lead manages their ESG and impact efforts across the company, with support from key stakeholders. They share, "Cecile at Pitango has been a critical consultant in this process sharing best practices and guidance. When we started this journey almost two years ago the first person we talked to was Cecile, she helped us sort out our process and strategy, from ensuring management alignment to developing key goals. The support from Pitango in developing our ESG and impact efforts has been instrumental for our team."

The team at Tomorrow.io recognizes that due to their ESG and impact efforts, they are able to attract and retain customers and investors with similar aims. Going forward the company seeks to continue supporting companies and governments across the globe to ensure all people have access to early warning systems and climate-related information that will support a just, resilient, and sustainable future.

Case Studies | Growth stage

via

# Building powerful technology-enabled transit systems

Via provides a software platform to municipalities and operators that enables a more efficient, equitable, and sustainable transit system.

**Founded**
2012

**Partnered**
2019

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION



pitango

Via is on a mission to ensure efficient, affordable, accessible and sustainable public transportation is available to all. At Via, the team believes that access to mobility promotes human connections, creates economic opportunity, and fosters more equitable communities. Via builds innovative software to enable their customers—cities, transit agencies, state Departments Of Transportation, transport operators, school districts, universities, and corporations—to transform their legacy transportation systems into advanced digital networks.

Today, the zip code you are born into continues to be one of the strongest predictors of economic mobility. For many families, owning a car is an enormous or impossible financial burden. Many individuals live too far away from a bus or rail line, have work shifts when public transit does not run, or have disabilities that make taking public transit challenging. Those who can afford a car contribute to a different problem: transportation is the leading source of carbon emissions in the United States.

Via's powerful algorithms and operator tools enable cities to run more efficient and data-driven networks, allowing for the rapid and cost-efficient expansion of available public transit. The Via platform enables customers to create public transit systems that simultaneously reduce reliance on carbon-emitting single-occupancy vehicle trips while improving access to essential mobility for those who need it most. In particular, Via's transit planning and service performance analytics allow customers to understand the impact of their transportation projects across demographic data such as race, poverty, housing, and education.

Via's corporate strategy is inextricably linked to environmental and social impact. In 2019, Via assembled a cross-functional ESG Task Force, including individuals across product innovation and partnerships, legal, data science, operations, policy, marketing, and strategy. The Task Force focused both on developing internal ESG efforts and better tracking and explaining the intrinsic positive impacts of Via's products. The Pitango team assisted Via's Task Force in defining, quantifying, and communicating their impact. Pitango encouraged Via to set a small number of core KPIs, and to measure them longitudinally over time, tracking their progress. The Pitango team offered thought partnership, introductions, and inspiration to continue the work.

Via's ESG Task Force established environmental and social goals across internal and external efforts:

- For internal impacts: Via focuses on minimizing energy consumption and waste creation, fostering diversity and inclusion and employee engagement, and aiming to meet public company governance standards as an ESG-conscious corporate entity.

[Continued on the next page]

## Via

- For external impacts:
  - Via aligns with SDGs 7- Affordable and Clean Energy, 9 - Industry, Innovation, and Infrastructure, 11- Sustainable Cities and Communities, and 13 - Climate Action. External environmental efforts focus on reducing emissions as an outcome of more travelers utilizing efficient, increasingly electrified public transit, reducing emissions from private vehicles across the globe.
  - Via focuses on SDG 11, Target 11.2: "...provide access to safe, affordable, accessible and sustainable transport systems for all…". Customers utilize Via's products to ensure people can move around their community affordably, specifically ensuring middle and lower income individuals are able to interact with the services they need and want, enhancing their quality of life and social mobility.

As an indicative example of external impacts, in Jersey City, New Jersey, Via software enables "Via Jersey City", which serves almost 3,000 trips a day. With more than 54,000 unique riders, the service has particularly benefited underserved communities: over half of riders have an annual income below $50,000 and 28% have an income below $25,000. 76% of passengers say affordability is their main reason for riding with Via, and 40% of all rides start or end within 300 feet of an affordable housing unit.

The Via Jersey City service was selected for an eMobility NJDEP award to add 4 additional electric vehicles to the fleet. In addition, Via's Grants Team assisted in securing the City a $1,000,000 award to install Level 2 and DC Fast Charging stations for fleet and public use.

The Mayor of Jersey City shared, "Via Jersey City is breaking ridership records and connecting the exact communities we targeted with more affordable service to close transit gaps, increased access to jobs and education, and improved connectivity. The data shows our low income and diverse populations are benefiting most."

Via's ESG and impact efforts have resulted in several additional benefits. First, Via's core customers are largely public entities, which often have ESG requirements and therefore inquire about these factors from their suppliers and vendors. Via's ESG efforts have further aligned the Company's goals with customer goals. Second, Via's ESG and impact-related efforts have been a driver for recruitment — employees want to work for a responsible, leading edge tech company with an impact-focused mission.

As the company grows, Via will continue implementing strategies related to ESG best practices, aiming to achieve goals across environmental, social, and governance dimensions while creating measurable positive impact through their innovative mobility solutions.

Case Studies | Growth stage

AppsFlyer

# Marketing measurement and data analytics platform

Enabling more than 80,000 companies – from startups to the world's most prominent brands – to build better products, create exceptional experiences, and preserve customer privacy.

**Founded**
2011

**Partnered**
2014

4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS


AppsFlyer

AppsFlyer enables brands to grow their business and measure the impact of their marketing activities using a comprehensive suite of measurement and analytics solutions. Guided by their core belief that accurate marketing insights and consumer privacy aren't mutually exclusive, AppsFlyer takes an active leading role in shaping the future of privacy-centric marketing within the digital ecosystem. Through leading 10,000+ technology partners towards interoperability and collaboration, AppsFlyer is driving the development of privacy-focused marketing practices.

AppsFlyer focuses on both ESG standards and impact-oriented initiatives with a deep-seated commitment to creating an enduring impact through their products, services, social influence, and internal culture. The company recognizes they have an opportunity to serve as a catalytic social force within the high-tech ecosystem.

AppsFlyer is dedicated to creating a sustained positive impact by effectively channeling resources into ESG and impact-oriented strategies. The company formalized their commitment to ESG and impact in 2020 amid the challenges of the COVID-19 pandemic and a period of hyper-growth. The management team acknowledged ESG and impact were imperative for company success and living company values, and pledged to allocate resources to sustain impact and achieve sustainability goals. AppsFlyer adopted a 'people-first' approach, and is focused on harnessing employee expertise and heart, alongside company resources.

The importance of creating a socially responsible and committed corporate culture is deeply embedded in AppsFlyer's DNA, resonating from the CEO and leadership team to managers and throughout the entire workforce.

The company has aligned on four pillars that inform both their ESG and impact efforts:

1. Equal education and future employability
2. Gender equality
3. Child safety online
4. Utilizing technology in the service of humanity

AppsFlyer aims to contribute to SDGs 4 - Quality Education, 5 - Gender Equality, 8 - Decent Work and Economic Growth, 9 - Industry, Innovation and Infrastructure, 10 - Reduce Inequalities, 13 - Climate Action and 17 - Partnerships for the Goals.

As AppsFlyer has a global team, their pillars may come to life differently in different areas. In addition, local offices may prioritize certain other concerns for their geography — for example the Bangkok team is committed to environmental issues.

Related to ESG performance, the company is currently: collecting data to ensure they are able to measure and manage their carbon footprint, prioritizing diversity, equity, belonging and inclusion efforts, and striving to demonstrate best practices related to corporate social responsibility and transparent and accountable governance. Diversity, Equity, Inclusion, and Belonging (DEIB) efforts are central to the company's KPIs, culture and people strategies.

[Continued on the next page]

AppsFlyer

Employee Resource Groups (ERGs) at AppsFlyer support diverse communities globally, with a specific emphasis on gender diversity. Each ERG tailors its focus to address the unique needs of its region, creating synergies between global leadership and local empowerment. AppsFlyer aims to ensure individuals, regardless of location, experience a profound sense of belonging and are empowered to actively participate in a global celebration of diversity and inclusion.

AppsFlyer's gender reports showcase their commitment to prioritizing diversity in attracting talent, hiring, retaining, and promoting. The team has produced two gender diversity reports (see here for 2022, and here for 2023) and recently published their first ESG and Impact Report. In Power in Diversity's 2022 report, AppsFlyer ranked in the Top 5 large companies leading diversity in Israel.

In terms of outward impact, AppsFlyer is a role model for putting company skills, services, and resources to use towards social impact. When the Auschwitz Birkenau museum had to close for the first time in history during COVID, AppsFlyer's Head of Corporate Social Responsibility took proactive notice. She soon was in touch with the state memorial and over the next three years led an incredible, collaborative project to develop a first-of-its-kind live virtual tour of the museum. This innovative initiative has allowed millions of people who might never have experienced Auschwitz Birkenau to virtually visit, bringing Holocaust remembrance into the digital age, and supporting the fight against antisemitism.

The first online guided tour has also received valuable recognition and support from the US Congress with a $1M contribution towards further developing the platform. See more here from a Holocaust survivor on the importance of this massive initiative.

In addition, with over 40 social partners, the company devoted almost 30% of their volunteer time towards skill-based volunteering last year, with that percentage growing to almost 60% in 2023. See more about all of AppsFlyer's impact-related initiatives here.

AppsFlyer's Head of Corporate Social Responsibility leads their impact and ESG efforts with the support of a team focused on both local Israel and global office efforts. Colleagues across legal, corporate, finance, operations, procurement, and local office leads also contribute to developing and implementing ESG strategies. Cecile at Pitango has supported the AppsFlyer team in considering the many possibilities for utilizing technology to create positive impact. As AppsFlyer has developed their impact and ESG strategies, Pitango has been an important resource to both provide impact and ESG-related thought leadership as well as practical advice.

AppsFlyer's ESG and impact-related efforts have been creating clear internal impacts — in their internal engagement survey around 80% of respondents shared that AppsFlyer's social responsibility efforts make them proud to work at AppsFlyer. The team sees a correlation between those who volunteer and those who report high job satisfaction. New employees often note they have chosen to work at AppsFlyer because of their DEI or social impact initiatives. Additionally as customers and investors increasingly inquire about ESG performance, AppsFlyer sees these strategies as an attraction and retention mechanism for both customers and capital providers.

AppsFlyer

Going forward AppsFlyer aims to adopt additional ESG data management tools to enable their strategies, and expand their impact work related to child safety online. Mapping and evaluating carbon emissions and developing methods to reduce emissions is one of the challenges the company has been working on, and the team will continue addressing this aspect of ESG performance in the near future. AppsFlyer's CEO Oren Kaniel shares, "We are committed to making a lasting, significant impact on the market and on our society. We believe when we combine our people's skills and company resources we can generate massive positive change in the world."

AppsFlyer aims to continue integrating ESG principles into how they develop and manage their business, as well as their products and services. At the same time, as the company grows, the team sees tremendous opportunities to continue making a significant social impact, leveraging their skills, technologies, resources, and innovations for the benefit of all.

# 03.

# ESG & Impact at Pitango

pitango

# Overview

**7 years**
Average tenure of operations staff

**5%**
Operations staff turnover

**64%**
Female staff in 2022

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We aim to demonstrate how mainstream VCs can incorporate ESG performance and impact into their internal operations and investment strategies and experience the many benefits. We both aim to align with the UN Sustainable Development Goals, as well as implement relevant policies and practices in key ESG focus areas. While we've made a lot of progress so far, we know we are on a continuous journey of evaluating our performance, iterating, and striving to be the most resilient, impactful, and successful firm we can be. We lead by example and practice what we preach.

# Key Internal ESG Focus Areas

We recognize our responsibility to practice the strategies we teach to our portfolio companies. See below for a summary of our internal efforts across E,S, and G dimensions, and read on for more details.

| | |
|---|---|
| Environmental | **Carbon emissions:** We are monitoring our own carbon emissions and we implemented an environmental policy related to reducing our carbon footprint.<br>**Climate-tech and climate considerations in investing:** We aim to invest in pioneering climate-tech solutions. We also participate in climate-related events and competitions, and partner to grow the climate-tech ecosystem in Israel. In addition, we are educating all of our companies about climate-related risks and opportunities, and evaluating climate-related risks for new investments. |
| Social | **Diversity and Inclusion:** Internally we are striving towards gender equality — focusing on recruiting and hiring female investing partners, hiring interns from programs such as the Palestinian Internship Program and others. Externally, we are mentoring female founders and investors, and we initiated and support the first VC Academy aiming to support female investors. We also support initiatives for founders from ultra-Orthodox and Arab communities.<br>**Philanthropic efforts:** We are continuing our impactful grants program.<br>**Employee engagement and satisfaction:** As a firm we are prioritizing a positive work experience for all employees. |
| Governance | We are striving to demonstrate excellence in both ESG and firm governance across our **Management, Reporting, and Policies.** |

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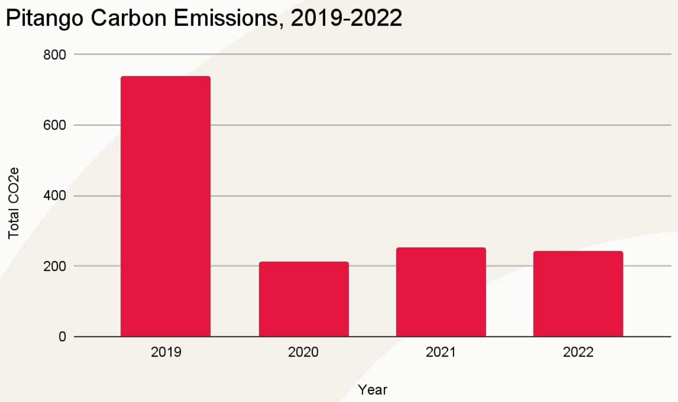
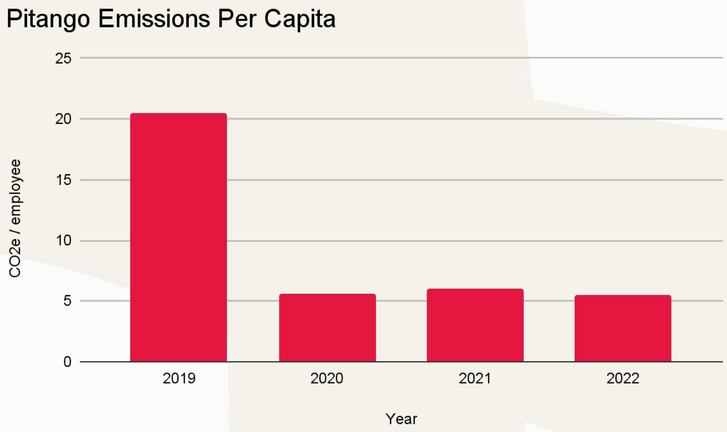
# Environmental Performance
# 2019-2022

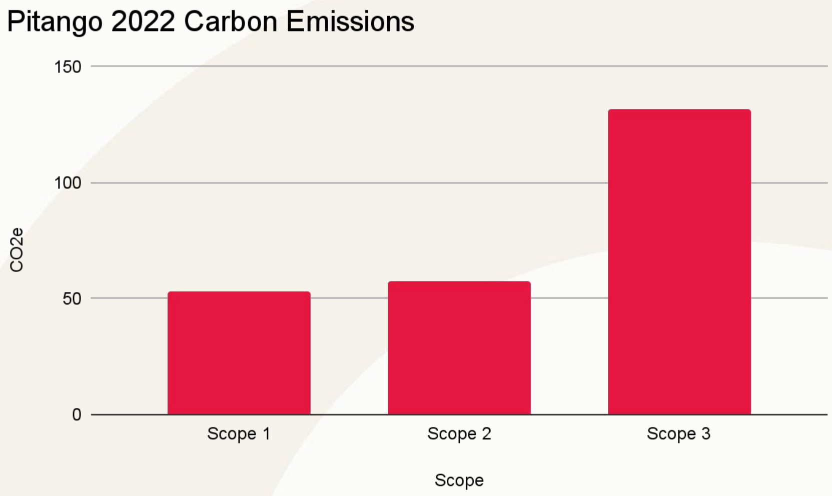



Pitango's total carbon emissions decreased dramatically in the past 3 years compared to 2019. COVID-19 impacted our reduced carbon footprint, along with implementing relevant policies designed to reduce our environmental footprint.

In 2022, even though our team grew, Pitango's total carbon emissions decreased. We strive to continue to reduce our carbon emissions through implementing our Environmental Policy.

# Environmental Performance
# 2022 — Scope 1, 2 and 3 Emissions




| **Scope 1** *(Company cars)* | **Scope 2** *(Electricity, cloud usage)* | **Scope 3** *(Purchased goods and services, employee commute)* |
|---|---|---|
| 53 Mt CO2e | 57.47 Mt CO2e | 132 Mt CO2e * |


Pitango's total carbon footprint for 2022 [excluding investments] was 242.47 Mt CO2e.*
*Our Scope 3 emissions do not currently include our portfolio companies' carbon emissions as we do not yet have the data necessary to include these emissions. We are currently working on onboarding portfolio companies through ESGgo to report their carbon emissions.

# Environmental Performance

**Pitango's Environmental Policy**

Our Environmental Policy focuses on tracking and reducing our footprint across international travel, commute, cloud storage, and the office footprint. We measure our own carbon emissions on an annual basis in July of every year. We aim to continue reducing our footprint and will consider offsets in the future.

International Travel

- Check for carriers with direct offsetting options and flights with reduced CO2 footprint (Sustainable Aviation Fuel) and consider them first. Consider ground transport such as trains where feasible.
- Aim to prioritize greener accommodations when traveling.

Commute

- We encourage and incentivize our employees to choose low-emission transport modes, such as public transport and electric vehicles. All new cars owned by Pitango are electric vehicles.

Cloud Storage

- Strive to use green cloud storage solutions.

Office Footprint

- Encourage employees to turn off lights and air conditioning when leaving the office.
- Utilize glass pitchers for water and soda eliminating the use of plastic water and soda bottles.
- Aim to reduce paper printing. Business cards printed on recycled paper without lamination.
- Paper, plastic bottles, and electronic waste are recycled, in partnership with nonprofits that employ individuals with disabilities.

New Equipment and Purchases

- For purchasing new operating equipment, we favor energy-efficient appliances with A+++ scores and look to prolong the life cycle of existing devices.
- For purchasing employee gifts and other items we prioritize local, organic, eco-conscious and social-conscious suppliers.

# Core ‘Social’ focus areas

Diversity and Inclusion

Employee Engagement and Satisfaction

Supporting Local Communities and Philanthropic Efforts

pitango

# Diversity and Inclusion

We aim to increase diverse representation in the startup and venture capital ecosystem. Our approach includes three main components:

1. Increasing the number of female founders and supporting female founders throughout their journey.
    - We mentor and support female founders through office hours and consultations, and work to increase the number of female founders approaching us.
    - We support competitions for female founders such as the SheLovesTech global competition, female founder networks and female army unit alumni groups.
2. Ensuring diverse candidates are considered for positions across the industry, especially in management teams.
    - We engage with organizations that promote candidates from underrepresented backgrounds for positions in the high-tech industry, including itworks and TalentTeam.
3. Promoting female representation in venture capital.
    - We partnered to initiate the first VC Academy in Israel, an initiative designed to bridge the VC diversity gap. So far, the program has 100 alumni with a 12% employment rate in VCs.
    - We aim to increase female representation on our team across levels, including at the partner level. Currently we are focused on recruiting, hiring, and retaining female investing partners.

In Israel, minorities, or individuals from underrepresented groups, include:

- Ultra-Orthodox Jews (Charedim)
- Members of the Arab community
- Members of the LGBTQIA+ community
- People with physical or mental disabilities
- People living in the geographic periphery of Israel

At Pitango we have an ongoing partnership with the Palestinian Internship Program, and offer a paid three month internship which has so far always translated into a job at Pitango. We work closely with the Power in Diversity initiative to drive more diversity in the Israeli high-tech ecosystem. We also support various investment initiatives supporting founders from diverse backgrounds.

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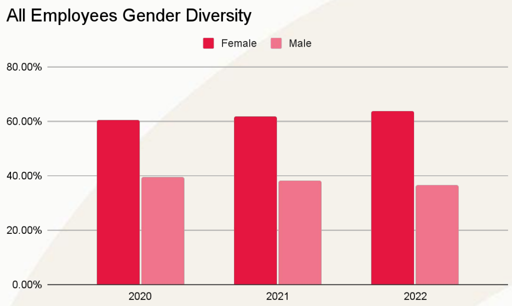
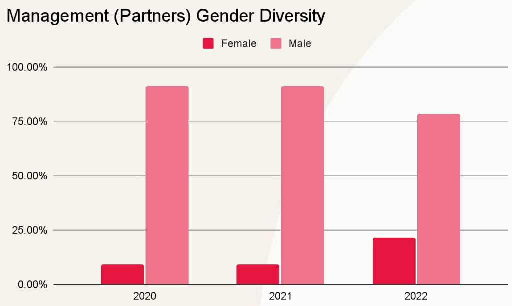
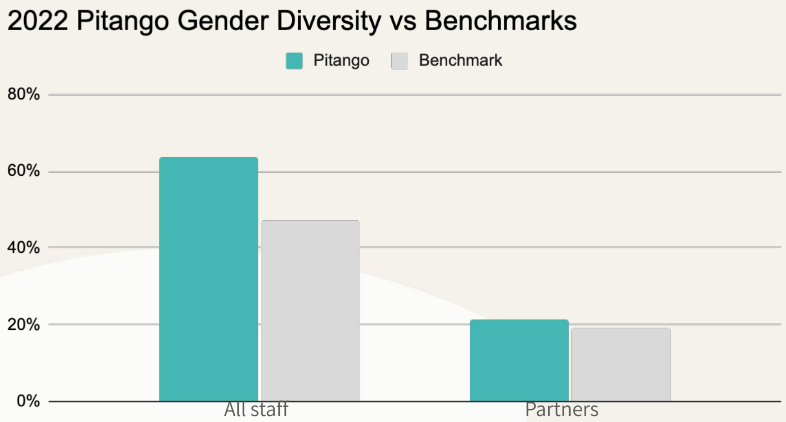
# Diversity and Inclusion:
# Internal Pitango Gender Diversity




*% team members identifying as female*
*Benchmark source: NVCA Report*

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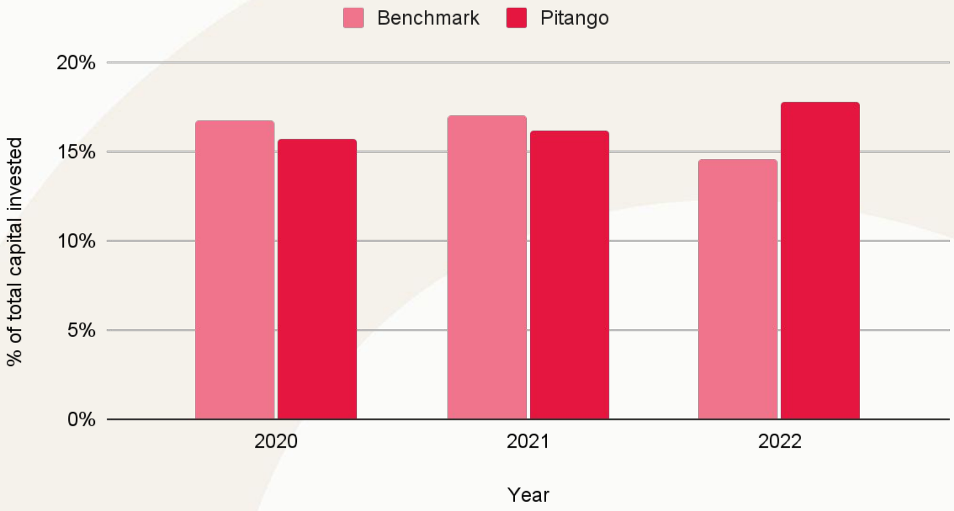
# Diversity and Inclusion: Investing in Female Founders

Capital invested in female founders/co-founders




*Benchmark source: Pitchbook Female Founders Dashboard*

Percentage of total **capital invested** in women founders/co-founders in 2022

18%

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# Employee Engagement and Satisfaction

We offer the following benefits to our employees:

- Employee participation in carried interest
- Subsidized meals
- Options for extended maternity and parental leave
- Prioritizing company culture through group outings and celebrations
- Annual bonuses
- Work from home opportunities
- Opportunities to request engaging in coursework and participate in upskilling

## Turnover across all employees in 2022*

**12%**

** Including the investment team, in which some of these departures are by design of the position.*

pitango

# Supporting Local Communities and Philanthropic Efforts

At Pitango we have an extensive grant program managed by our Co-Founder and Managing Partner Chemi Peres. In 2022 we donated $300,000 through our grants program. Many of the projects we engage in are proposed by Pitango employees and support causes our employees are passionate about.

Themes in 2022 included: Israeli pro-democracy efforts, diversity in venture capital, LGBTQIA+ youth initiatives, domestic violence, medical emergency (specifically setting up emergency care in Ukraine), and educational programs bringing together Arabs and Jews. Organizations we support include:

*Pitango at Tulip Winery, a social enterprise that supports adults with cognitive, developmental and emotional disabilities to reach their potential.*

# Governance Performance
## ESG Governance

**Management:** Our Impact Committee along with our Head of Impact & Sustainability are responsible for the governance of our ESG performance. Our Impact Committee is composed of several of the funds' general managing partners: Chemi Peres, Rami Kalish, Ayal Itzkovitz & Idit Muallem-Yadid.

The Committee supports setting ESG-related policies, targets, and priorities, and monitors implementation. The Impact Committee meets quarterly to review sustainability-related activities. During the course of due diligence if sustainability-related or other risks are surfaced, these risks will be integrated into the investment memorandum and are considered by the investment committee. In addition, the investing partner is on the Board of Directors for the portfolio company and is informed during quarterly Board meetings about relevant risks.

Cecile Blilious, our Head of Impact & Sustainability, leads our ESG and impact strategy approach. Cecile brings over 20 years of impact-tech investment experience and a deep understanding of the ESG and impact fields to our team. Evlin Ellati is our ESG analyst, she specializes in ESG data analytics with the firm and has an MBA from Birzeit University.

**Reporting:** Pitango participates in annual UN Principles of Responsible Investing (PRI) reporting, as well as internal reporting related to ESG performance to our Limited Partners. As of 2023 we are beginning to share external reporting for a wider group of stakeholders.

**Policies:** Our ESG Policy outlines the duties of the Impact Committee, and our firm's commitment to ESG practices and strategies. Our Environmental Policy outlines how our firm aims to manage our environmental footprint.

# Governance Performance
## Firm Governance

**Management:** As a 30 year old fund, the Pitango team has demonstrated our commitment to effective governance through our actions and results. Our Managing Partners bring cumulative vast experience across the tech and investing ecosystem, which benefits Pitango funds, our portfolio companies, and our firm's risk management. Investment decisions and investment risk assessments are facilitated in Partner meetings with the support of our legal team. General management decisions are made by the Operating Committee which is comprised of the Managing Partners. Each Pitango fund is composed of two or more Limited Partnerships (LPs), effectively managed by our Managing Partners. Pitango Managing Partners serve as board members for each of our portfolio companies and together with our finance team and value-add internal experts (ESG and DEI, HR, legal etc.) closely monitor Pitango portfolio companies performance and provide support and advising as needed. A board composed of our major LPs assesses potential conflicts of interest and implements relevant tactics to ensure conflicts of interest are avoided and managed.

Pitango's signatory rights require the signature of two Managing Partners on each fund signature. We have a set process to secure fund transfers from and to Pitango and we engage an external professional AML administrator to examine all potential LPs before they are admitted to ensure compliance with applicable laws and regulations.

**Reporting:** We engage in quarterly financial reporting, in addition to annual more general and ESG-related reporting to our LPs.

**Policies:** Pitango has a set of policies covering all forms of conduct aimed to ensure not only compliance with applicable laws and regulations but also to provide a safe and productive work environment. Our Code of Conduct and Ethics consists of an anti-corruption/bribery policy and an anti-harassment policy. Our external legal officer is responsible for collecting complaints, as outlined in our company's Code of Conduct.

# Impact: Aligning with the SDGs

While we enable progress on many of the SDGs through our investments in technologies that are addressing the Goals, through our own operations we aim to focus on aligning with SDG #3 (Good Health and Wellbeing), SDG #5 (Gender Equality), #13 (Climate Action) and #17 (Partnerships for the Goals). Although contributions to SDG 3 are through our investments, we consider our healthtech fund strategy a part of our operational efforts that align with the SDGs.




# Impact: Aligning with the SDGs


SDG Goal 3: “Ensure healthy lives and promote well-being for all at all ages.”

We aim to support targets related to Good Health and Wellbeing through our healthtech fund. This fund includes investments in a vast array of innovations related to human health, including foodtech. Innovations include revolutionary devices (e.g. the first PCR test that fits in the palm of your hand), drug design software to increase efficacy of clinical trials, and healthcare management platforms aiming to generate better health outcomes. Our portfolio companies are developing products and services across the human health continuum including advanced diagnosis and preventive care, developing alternative protein products and reducing sugar usage, and healthcare focused on addressing the needs of the female population (femtech).

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Indicator 5.5: “Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.”

We are actively supporting and encouraging portfolio companies to include more women across their operations, including in management roles and on the board of directors. We engage with our companies about DEI best practices including gender pay gap considerations. We also support several initiatives to increase female participation in decision-making processes including Power In Diversity and The VC Academy. In addition, we engage with female-focused networking groups to share portfolio company job opportunities. We provide office hours and consultations for female founders, create and participate in initiatives focused on diversity, and aim to steward the global ecosystem towards promoting more women in tech.

Internally, our team is working to hire and retain more female investing partners. We focus recruiting efforts towards identifying and interviewing female investors, recognizing our team has an opportunity to demonstrate better gender diversity. Our firm prioritizes work life balance, accommodating parents with young children, and working conditions suitable for individuals from diverse backgrounds and with diverse day to day experiences.

# Impact: Aligning with the SDGs


Indicator 13.3: “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.”

We initiate and participate in climate-tech investor groups in Israel, and support climate-tech ecosystem initiatives such as PlaneTech. We advocate for climate-related innovation and awareness through competitions, events and partnerships with other organizations including Microsoft, AWS and more.

In addition, we invest in climate-tech companies and we are committed to evaluating climate considerations in all of our investments.

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Indicator 17.16: “Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries.”

Through our leadership position in the high-tech market in Israel we support the Israeli impact-tech ecosystem, partnering with organizations such as the Israel Forum for Impact Economy (IFIE) of the Global Steering Group. In addition, we leverage our outreach into the global market to educate and disseminate knowledge about how the global technology ecosystem can support achieving the SDGs. We also support our portfolio companies to align with relevant SDGs.

# 03.
# Looking Ahead

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# Continuous Improvement

We recognize we are on a continuous journey to improve our ESG performance and create maximum positive impact through our internal efforts and those of our portfolio companies. As we look ahead to next year, we are focusing on three main areas.

| Climate | Diversity and Inclusion | ESG Measurement and Management |
| --- | --- | --- |

# Continuous Improvement

**Climate**

- We are prioritizing supporting and investing in the climate-tech space, recognizing the vast opportunity for companies focused on solving the climate crisis.
- We will continue to support our portfolio companies to consider climate-related risks (both physical risks and risks associated with the transition to a low-carbon economy) and integrate management of these risks at the executive and board levels.
- We will continue to apply our “climate considerations” approach when screening all deals, regardless of domain. We aim to raise awareness regarding how climate change can impact business operations and support the discovery of new potential climate-related opportunities.

**Diversity and Inclusion**

- We aim to continue to identify, support, and invest in female founders.
- We aim to support our companies to hire individuals from diverse backgrounds into executive positions and ensure diverse representation on boards.
- Internally, we aim to continue to diversify our staff across all positions, including at the partner level.

**ESG Performance Measurement and Management**

- While the VC ecosystem is in the early stages of adopting ESG practices, we aim to continue to support our companies to recognize the importance of measuring and managing key ESG risks and opportunities, and support our founders to integrate ESG performance management into their business strategies.
- We aim to collect data reflecting key ESG focus areas across our portfolio companies so that we can better manage and report on ESG risks for our firm and our portfolio companies.

# A Closing Note

We are in the business of supporting the best technology innovations and maximizing profits for our investors. Part of our approach to this fiduciary responsibility includes investing in companies that manage risks efficiently and prioritize stakeholder input — because they will be more successful and resilient, and do better financially. Technology companies develop powerful tools that affect everyone's lives, and as such these teams will outcompete their peers if they adopt fit-for-purpose ESG practices. Companies that align with global impact goals have the opportunity to find better product-market fit or expand into new markets. We believe applying our values in a systematic way will lead to better outcomes for all our stakeholders — our investors, our portfolio companies and through them society and our planet. We see the clear interconnections between a thriving society and successful business. We know that without a healthy earth, without a functioning society, we will not have functioning startups and groundbreaking innovations. We see ourselves as custodians — of capital, of society, and of our planet. As such we aim to align all of these priorities.

When we started thinking about integrating ESG and impact into the venture capital ecosystem in early 2020, it quickly became clear that existing frameworks for ESG and impact used in other industries were not a great fit for adoption and implementation. So we decided to adapt frameworks focused on other markets, and develop an approach that would fit our fund and portfolio companies.

On the ESG side, most of our companies are software based and do not fit well into the model upon which many ESG frameworks were developed. However, far-reaching issues such as responsible product design and ethical AI are often relevant, though not prominent in industry standards.

On the impact side, previous frameworks were designed for companies with vast resources to devote to impact management and measurement and a clear stakeholder map. We needed to adapt existing frameworks so they would be more agile and scale with our companies. Startups are by their nature prone to pivoting and disrupting, so any framework for ESG and impact would need to work for teams who are moving fast, and change alongside changes in their products and business models. At the same time, we wanted to incorporate both ESG and impact into our system of supporting companies, as we believe a holistic approach will create the best results.

We worked hard to build off of and adapt existing frameworks for integrating ESG and impact so that our system would work for our fund and our companies. As we've developed and shared foundational strategies related to building responsible and impactful companies with our founders, we've seen clear company success, as well as a tremendous amount of positive impact. It's evident in our case studies and with many more companies we will discuss in the future: our founders and teams are building successful companies we are all proud of.

There is still much to be done to capitalize on the huge opportunities in the venture capital ecosystem. The startup market is also facing plenty of headwinds, from challenging macroeconomic conditions to shifting regulatory expectations. While progress in the ESG and impact space may not always be linear, we will continue to push forward on our mission. We look forward to continuing to tackle the challenges ahead of us alongside dedicated founders, investors, colleagues, and community members. Together we will build a future we want to age in, a future we want to raise our children in, a future that is more sustainable, more equitable, and more equipped to thrive than ever before. We know this mindset will result in success for our fund and all of our stakeholders.

# Appendix

# Table 1. IFRS S1 Standard References

The table below summarizes our current approach to referencing the IFRS S1 Standards in our reporting. We are not exhaustively reporting every aspect requested by IFRS S1 nor stating that we are in compliance with this standard, but we aim to share at least some relevant information related to the below aspects. The aspects of the IFRS S1 standard we do not yet align with are not noted in the table.

| Category | Requested information | Report locations |
|---|---|---|
| Governance | How responsibilities for sustainability-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s) | ESG at Pitango - ESG Governance<br>ESG and Impact Policy Overview |
| | How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities | ESG at Pitango - ESG Governance |
| | How and how often the body(s) or individual(s) is informed about sustainability-related risks and opportunities | ESG at Pitango - ESG Governance |
| | How the body(s) or individual(s) takes into account sustainability-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and | ESG at Pitango - ESG Governance<br>ESG-SDG Continuum |
| | How the body(s) or individual(s) oversees the setting of targets related to sustainability-related risks and opportunities, and monitors progress towards those targets (see paragraph 51), including whether and how related performance metrics are included in remuneration policies. | ESG at Pitango - ESG Governance |

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| Category | Requested information | Report locations |
|---|---|---|
| Strategy | The sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects | ESG in our Investments: Key ESG performance Focus Areas |
| | The current and anticipated effects of those sustainability-related risks and opportunities on the entity's business model and value chain | ESG in Venture Capital - pages 19-21 |
| | The effects of those sustainability-related risks and opportunities on the entity's strategy and decision-making | ESG + Impact = Growth - pages 12-13<br>Our Methodology: the ESG-SDG Continuum<br>Our Investing Approach: 4Ts & i<br>ESG + Impact Policy Overview |
| | A description of the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain | ESG in Venture Capital - pages 19-21 |
| | How the entity has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making | Our Methodology: the ESG-SDG Continuum<br>ESG and Impact at Pitango |
| | Trade-offs between sustainability-related risks and opportunities that the entity considered (for example, in making a decision on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community). | Our Investing Approach: 4Ts & i |

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| Category | Requested information | Report locations |
|---|---|---|
| Risk Management | The processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks | ESG & Impact Policy Overview<br>ESG at Pitango - ESG Governance<br>In addition, we partner with the ESGgo management platform and provide licenses to our portfolio companies to enable data collection and track metrics based on international standards (SASB, GRI, UN SDGs). |
| Metrics and Targets | Metrics required by an applicable IFRS Sustainability Disclosure Standard | See Table 2 |

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# Table 2. Internal Pitango SASB Topics and Metrics

The table below summarizes the accounting metrics referenced in this report for our internal operations. These are based on the SASB Sustainability Accounting Standard for Asset Management & Custody Activities.

| Topic | Metric | Code | Response and/or Disclosure |
|---|---|---|---|
| Transparent Information & Fair Advice for Customers | (1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings | FN-AC-270a.1 | 0 |
| | Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers | FN-AC-270a.2 | 0 |
| | Description of approach to informing customers about products and services | FN-AC-270a.3 | Not yet disclosed |
| Employee Diversity & Inclusion | Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees | FN-AC-330a.1 | ESG & Pitango: Diversity and Inclusion: Internal Pitango Gender Diversity |
| Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory | Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening | FN-AC-410a.1 | 1) Over 50%<br>2) 50% invested in sustainability themed companies<br>3) 80% screened for ESG/impact since 2020 |
| | Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies | FN-AC-410a.2 | ESG in our Investments |
| | Description of proxy voting and investee engagement policies and procedures | FN-AC-410a.3 | Board position in most cases including active support of ESG integration and engagement. Also see: ESG in our Investments |

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| Topic | Metric | Code | Response and/or Disclosure |
|---|---|---|---|
| Business Ethics | Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations | FN-AC-510a.1 | 0 |
| | Description of whistleblower policies and procedures | FN-AC-510a.2 | None |
| Activity Metrics | (1) Total registered and (2) total unregistered assets under management (AUM) | FN-AC-000.A | $3B+ |

# Thank you

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# Legal Disclaimer

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